



THE TABLOID

The nerd
at No 1

THE TABLOID

The new cockney
in couture

ANALYSIS

The failure to
halt TB PAGE 12

No new taxes? Read his lips

Brown pledge over rates leaves door open for future increases

Anthony Bevins
Political Editor

Gordon Brown yesterday ruled out any increase in the basic or top rates of income tax – or any extension of value-added tax – while leaving the back door wide open for other tax increases.

In a London speech designed to kill Labour's image as the tax-and-spend party, the Shadow Chancellor said: "A Labour government will not increase the basic rate of tax."

"It is because we understand the importance of work that there will be no return to penal marginal rates at the top. As a signal of the importance we attach to rewarding work, I want to make clear that I will not increase the top rate of tax."

Having confirmed the current basic rate of 23p in the pound and the top rate of 40p, Mr Brown repeated his hope of getting a new lower rate of 10p for low-earners.

But in a careful – and calculated – escape clause, he also said: "I will not make blanket commitments on each and every one of more than 200 tax exemptions, reliefs and al-

lowances in the system, before we know all the economic circumstances we will face, including the true state of the public finances."

A Conservative source said last night that Mr Brown had closed off all tax-raising options – out of 200 – leaving the impression that he was not planning to increase the tax burden.

That Conservative point was underlined by the fact that the present Government has repeatedly used tax allowances to squeeze more revenue out of the system. The rate of mortgage interest tax relief has been reduced, tax relief for profit-related pay is being phased out, and the married couple's allowance was frozen in the 1991 Budget.

But the point was also made by a senior Labour source that while Mr Brown had provided reassurance about Labour plans for income tax rates – he had left himself the "flexibility" to increase taxes.

"He has not boxed himself in," The Independent was told. "If he had said there would be no change in tax, it would not have been credible."

The speech – in which Mr Brown confirmed that Labour would stick to Tory spending limits in its first year of office, and maintain curbs on public sector pay – triggered strong reaction from across the political spectrum.

Kenneth Clarke, the Chancellor of the Exchequer, said: "Hell will freeze before Gordon Brown could control spending and keep tax down."

"We know that New Labour have made pledges worth £30bn in the next Parliament. They have not withdrawn any of them. But time after time in this Parliament, New Labour have shown that they would increase spending and would have to put up taxes to pay for it."

Opposition parties, ranging from the Liberal Democrats to Plaid Cymru, also attacked the plans, dismissing them as "daft and irresponsible promises" and "punishing widows and pensioners".

The Labour left-winger Ken Livingstone warned that Mr Brown might have to raise the top rate of tax to kill a consumer-led boom, and he said that 90 per cent of Labour MPs believed the tax system Mr Brown planned to keep intact was unfair.

Rodney Bickerstaffe, general secretary of Unison, said: "If the Labour Party say what they mean and mean what they say, and are committed to real social justice, attention will have to be given to the low paid and this will inevitably include public service workers. We ask for no favours. We ask for fairness."

But Mr Brown said: "With Labour, all public sector pay agreements must be financed from within the agreed departmental cash limits. Just as we will resist every other unreasonable demand on the public purse, we will resist unreasonable public sector pay demands."

He also promised "a comprehensive spending review" that would take a long-term and strategic view of public spending – to shift the balance from consumption to investment, from welfare to education.

"We reject the old Labour litmus test on spending," Mr Brown said, "that increasing the overall level of spending is proof of our socialist commitment."

As for the possibility of increasing taxes, Mr Brown said: "We must have a fair tax system that treats individuals in an equitable way, not tolerating wide differences of treatment for individuals or companies in broadly similar circumstances."

"It also means fair treatment of men and women as individuals, and that over their lifetime individuals with similar incomes pay similar amounts of tax."

Mr Brown repeated Labour's commitment to a crack down on high earners "who abuse the tax system using scams, loopholes and dodges".

Leading article, page 11

Donald Macintyre, page 13



Rising expectations: Gordon Brown (centre) in a lift on the way to give his speech yesterday

Photograph: Brian Harris

Mr Responsibility he may be, but we could all still pay more



by Diane Coyle
(Economics Editor)

His speech made it clear, if anybody still doubted it, that responsibility is Gordon Brown's middle name. He wanted to hammer home once again the idea that new Labour is not going to tax more to spend more. Yesterday's dramatic announcement was his biggest hammer-blow yet, leaving many observers reeling.

But could Labour deliver five years of government without any tax rises? Could any government? There was plenty of City scepticism about Mr Brown's pledge to stick to the current spending plans for this financial year and to the expenditure total already set for 1998/99.

Steven Bell, head of research at Deutsche Morgan Grenfell, said: "They are painting themselves into a corner. We have never even believed the Conservatives could keep to these spending plans." Pamela Meadows, director of the Policy Studies Institute, said Labour were "raising expectations about health and education which they will have an enormous amount of difficulty in satisfying if Mr Brown sticks to what he said in his speech."

The City attributes Kenneth Clarke's success in meeting his spending targets for the last three years to the freezing of public sector pay – possible thanks

to low inflation. Labour will find it very hard to deliver the same deal.

Given that the national debt has doubled under Mr Major's time as Prime Minister and the Government's plans to cut borrowing are already considered over-optimistic, many City experts think higher taxes are a near-certainty after the election.

Labour clearly cannot admit this logic and agree now that the government finances are in a mess. But Mr Brown is well aware of the danger of Labour promising something in the heat of the election campaign that it cannot deliver afterwards.

This was the trap that caught out the Tories on tax in 1992, doing their cred-

ibility huge damage ever since. Yet now, five years on, Labour has made this new and dramatic pledge at a time when the public finances are in a precarious state and the current spending plans unrealistic. How does the Shadow Chancellor try to escape this dilemma?

The most important thing is that Mr Brown, despite the bold rhetoric, has not actually promised not to increase taxes if the public finances require it. There are other ways. Labour has ruled out neither reducing tax breaks such as mortgage interest tax relief, nor increasing company taxation.

To judge from the City reaction yesterday, few of Labour's old enemies in the financial markets query its underlying fiscal prudence. Indeed, many people in the markets now predict that the pound would fall if it looked like the Conservatives could snatch an election victory, because investors think Chancellor Brown would be more cautious in setting interest rates and government borrowing than Chancellor Clarke.

It is a thought to delight New Labour strategists. But there is another thought for the rest of us to chew over: unless there are serious spending cuts then, whoever wins, and whatever they say now... taxes will probably rise.

Labour's loopholes

■ The shadow Chancellor Gordon Brown pledged yesterday not to increase income tax during the lifetime of the first Labour parliament left several loopholes for future tax increases.

■ While he also pledged not to extend the scope of value-added tax, he was careful to leave the way open for tax increases through the 200 tax exemptions, reliefs and allowances – like mortgage interest tax relief.

■ He renewed the party's commitment to treat individuals in an equitable way, and to ensure that the tax burden is based on an ability to pay, along with a crackdown on the minority of high-earners who abuse the system using "scams, loopholes and dodges".

■ Mr Brown also threatened specific action against wealthy individuals who avoid paying tax on estates worth more than £1m, and companies making billions who escape their fair share of tax by using offshore tax havens.

THE INDY EIGHT

Q What will happen to taxes under Blair or Major?

Q If things go badly, would the Tories take us out of Europe?

Q Will Blair back voting reform if he wins?

Q Would Labour take Britain into a single currency?

Q Will the parties spend more on schools – and who loses?

Q Would Ashdown keep Blair in power without PR?

Q Can Labour match the Tories' pledge on NHS cash?

Q What do the parties mean by radical reform of welfare?

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Clinton calls for a new spirit

Rupert Cornwell
Washington

Demanding that the United States rise above race, partisanship and intolerance, President Clinton yesterday urged reconciliation on a divided Congress, and a "new spirit of community" on his countrymen, as they moved together into the new millennium.

Speaking at the solemnest of all American settings, on the west terrace of the US Capitol immediately after having been administered the Oath of Office by Chief Justice William Rehnquist, Mr Clinton used the last inaugural address of the 20th century to call for a "land of new promise" that could draw full benefit from the information revolution changing human society.

Coatless on a bright but chilly day, he pleaded for Republicans and Democrats alike to work together. "The American people returned to office a President of one party and a Congress of the other," he said. "They did not

do this to advance the politics of petty bickering and extreme partisanship they plainly deplore." It was wrong "to waste the precious gift of time on acrimony and division."

But that exhortation will be tested within the next 24 hours. Two hours before Mr Clinton was sworn in, the Senate Foreign Relations Committee did indeed unanimously confirm Madeleine Albright as his new Secretary of State. But as early as today the House must vote on the recommended \$300,000 fine and ethics reprimand for the Speaker, Newt Gingrich – an occasion bound to have Democrats calling anew for his head, and Republicans speaking of a witch-hunt.

"Nothing big ever came of being small," the President insisted to the dignitaries close by and the hundreds of thousands gathered on the Washington mall beyond. He expounded familiar themes of personal responsibility and the need to overcome prejudice and Amer-



Solemn point: Clinton calls for 'land of new promise'

ica's "constant curse" of race. "These forces nearly destroyed our nation in the past. They plague us still."

By their very nature, inaugural addresses are built upon grand phrases, not legislative fine print, and Mr Clinton's 20-minute speech was no exception. Centrist in tone, visionary in imprint, it sketched out a 21st century

America enjoying the fruits of the information revolution, in an era not of "big Government", but "a Government strong enough to give us the tools to solve our problems for ourselves."

In one sense, he summoned the shade of Theodore Roosevelt, the President credited with harnessing America's emerging industrial might to the common good at the start of this century. Yesterday Mr Clinton set himself the goal of adjusting the US to the era of the Internet and exploding information technology. But there were shades of his boyhood hero John Kennedy too, the "Land of New Promise" recalling the "New Frontier" of 36 years ago.

In keeping with the introverted national mood, foreign policy scarcely featured, beyond a re-statement of America's position as "the world's indispensable nation", and its commitment to spreading democracy around the planet. Pageant for America, page 8

QUICKLY

Government defeat

The Government was defeated by a majority of 64 in the Lords as peers backed a Labour move to ensure prior authorisation of police bugging by judicial commissioners. Page 6

Minister's denial

Andrew Mitchell, the social security minister and former whip, denied before a Commons committee that he tried to use his influence as a whip to subvert the inquiry into cash for questions. Page 2

Junk and no veg

Christmas dinner is now the one meal a year where many British children get an adequate intake of vegetables, according to research for the Cancer Research Campaign – because children are bullying their mothers into letting them eat only what they want. Page 3

Bank hostage

Hundreds of French bank employees have taken their boss hostage in protest at Government changes. Page 9

news

Why Labour's arithmetic is a lesson to us all

The young woman with the red power jacket, took out her mobile phone and spoke into it, framed by the large window with its panoramic view of Westminster. Gordon Brown was due to speak any minute, so there wasn't much time to sell shares, or buy securities.

We were gathered together in the Queen Elizabeth II Conference Centre, to be taken on the latest stage of Labour's exciting journey into power. This leg was to be run by the Shadow Chancellor and was headed, "Responsibility in Public Finance". Or why there's not going to be any money.

There was a strange crew around me. For a start, there were several smart young women organising things for Labour, one of whom actually sported a cleavage. In the brief



Prudence appeared so often that I began to wonder if she was Mr Brown's mystery woman

days of the Benn Supremacy, such a thing would have been unthinkable. The woman in question would have been hustled out with a pair of dungarees over her head.

Then there were members of the Labour Finance and Industry Group, a pleasant (if motley) bunch of the sort of industrialists who are against putting children down chimneys, and who are the equivalents – in puissance and numbers – of the Tory Campaign for Electoral Reform. They are the sort of folk who, when asked by the security guard at the metal detectors whether they have any coins in their pockets, blush and hand the man a tenner.

One of them was Greg Dyke, the millionaire who runs Channel 5, and who sports the giveaway New Labour uniform of a

truncated beard (see also Alistair Darling, shadow chief secretary). Nicola Horlick was too busy to attend.

Then there was a liberal sprinkling of think-tank folk, activist academics and left-of-centre know-alls.

The most prominent was Roger Liddle, a former SDP man, who pens a column each week in the *New Statesman* entitled "A Memo to" (followed by the name of a different shadow cabinet member).

Mr Liddle's pieces are reminiscent of those *Reader's Digest* articles entitled "I am John's prostate". In one of my favourite fantasies, the entire shadow cabinet pen a reply called "A Memo to Roger Liddle". It consists of two words.

Then Gordon came to the lectern and delivered his

ground-breaking speech. It started with some of the usual codes, such as "we must transcend the old sterile battle" (we were wrong), and we must "move beyond the old battleground" (we were totally wrong).

"Now more than ever" (an inefficient Old Labour way of saying "now") there can be "no taxation without information, justification or explanation" (which beats just "representation").

Labour, when it came to power, would be rigorous, efficient, tough, strict, sensible, fair and prudent. (Prudence put in so many appearances that I began to wonder whether this wasn't the name of Mr Brown's mystery woman. Meet the firm – but fair – Prudence Rigour, the strict lady from Pitloch-

tough. She, like her fiancé, would grip things effectively, tackle things efficiently, and every item of household expenditure would have to be justified.)

But wait, I hear you cry, what's the point in Labour if it isn't going to lash out with tons of money? Well, as Gordon said, "what matters now is not how much government spends, but how the money is spent"; a line I must remember for my impending negotiations about pocket money with a firmly Old Labour seven-year-old.

"Rosa, it doesn't matter how much I give you," I shall argue sternly. "What matters is how you spend it."

"But Daddy" she'll reply, "that's not the kind of maths they teach us at school."

Exactly.

significant shorts

Baby girl stabbed in her pram

A baby girl was seriously ill in hospital last night after she was stabbed by a mentally ill attacker while in her pram in a shopping centre, police said.

Eyewitnesses said the man approached the child and her mother, as they shopped at the Bridgeway Centre in the Meadows suburb of Nottingham.

The man lashed out with a two-inch kitchen knife, badly cutting the girl's arm as her mother screamed for help.

The attacker ran off but was later arrested by police while the child was taken to Nottingham's Queens Medical Centre where her condition was "serious but not life-threatening".

Catholic family escape hand grenade attack

A Northern Ireland couple and their five-month-old baby had a miraculous escape yesterday when a hand grenade exploded underneath their van.

The Catholic couple, with their child, were driving around Larne, Co Antrim, when the device went off directly beneath the passenger seat, where the mother was holding her baby.

Their lives may have been saved by the fact that the device was so elderly, the grenade reportedly dating back to the second world war.

The widespread assumption is that this was a loyalist attack. *David McKelrick*

Sniffer dogs in Zoe search

Scotland Yard dogs trained to sniff out bodies yesterday joined a grim search for missing schoolgirl Zoe Evans.

Senior detectives ordered a renewed sweep of open land near the nine-year-old's home on the army housing estate at Warminster, Wiltshire, after their decision to release her parents from custody, without charge.

Zoe's mother Mrs Paula Evans, 28, and her step-father Miles Evans, 23, an army driver, were last night staying at a secret address.

Inspector Geoff Hicks, spokesman for Wiltshire police, said: "After no sign of Zoe in 10 days, we are obviously very pessimistic about finding her alive – but our searches will continue."

Sports-star bombs denied

Claims that British sports stars in mixed-race relationships were the intended targets of a neo-Nazi bombing campaign were denied yesterday by police in Denmark who have arrested seven fascist suspects.

Reports naming Sharron Davies, the former Olympic swimmer, Frank Bruno, the former world-heavyweight boxing champion, and Paul Ince, the footballer, as targets were described as "unfounded" by the detective in charge of the bombing investigation.

Seven Danes are facing charges relating to the interception of three letterbombs in Sweden and the seizure of three more in Denmark, all apparently intended for British victims. But Superintendent Ove Dahl said: "The packages that were seized were addressed only with post-office box numbers in Britain." *Steve Boggan*

Minister denies subverting inquiry

Christian Wolmar
Westminster Correspondent

Andrew Mitchell, the social security minister and former whip, yesterday denied that he tried to use his influence to subvert the inquiry into the Neil Hamilton cash for questions affair two years ago.

Mr Mitchell, who had been summoned to answer questions about his role in influencing the Hamilton investigation, told the standards and privileges committee that he had acted "properly" during his membership of the now-defunct members' interest committee. Mr Mitchell, then a whip, had been appointed to the committee in June 1994, in a highly unusual move since whips normally did not normally sit on such bodies.

Mr Mitchell said he had not realised that whips had never served on such a committee and did "not appreciate" at the time of his appointment that the committee was a quasi-judicial one. He said: "In hindsight, I have to say that I think it would be better... if whips did not serve on such committees in future, both for the whip and in view of what has happened on this occasion."

This is the first time that an MP appearing before the committee has had to give evidence on oath, and Dale Campbell-Savours, a Labour member of the committee, pressed Mr Mitchell, stressing that he was giving evidence on oath.

Mr Campbell-Savours sug-

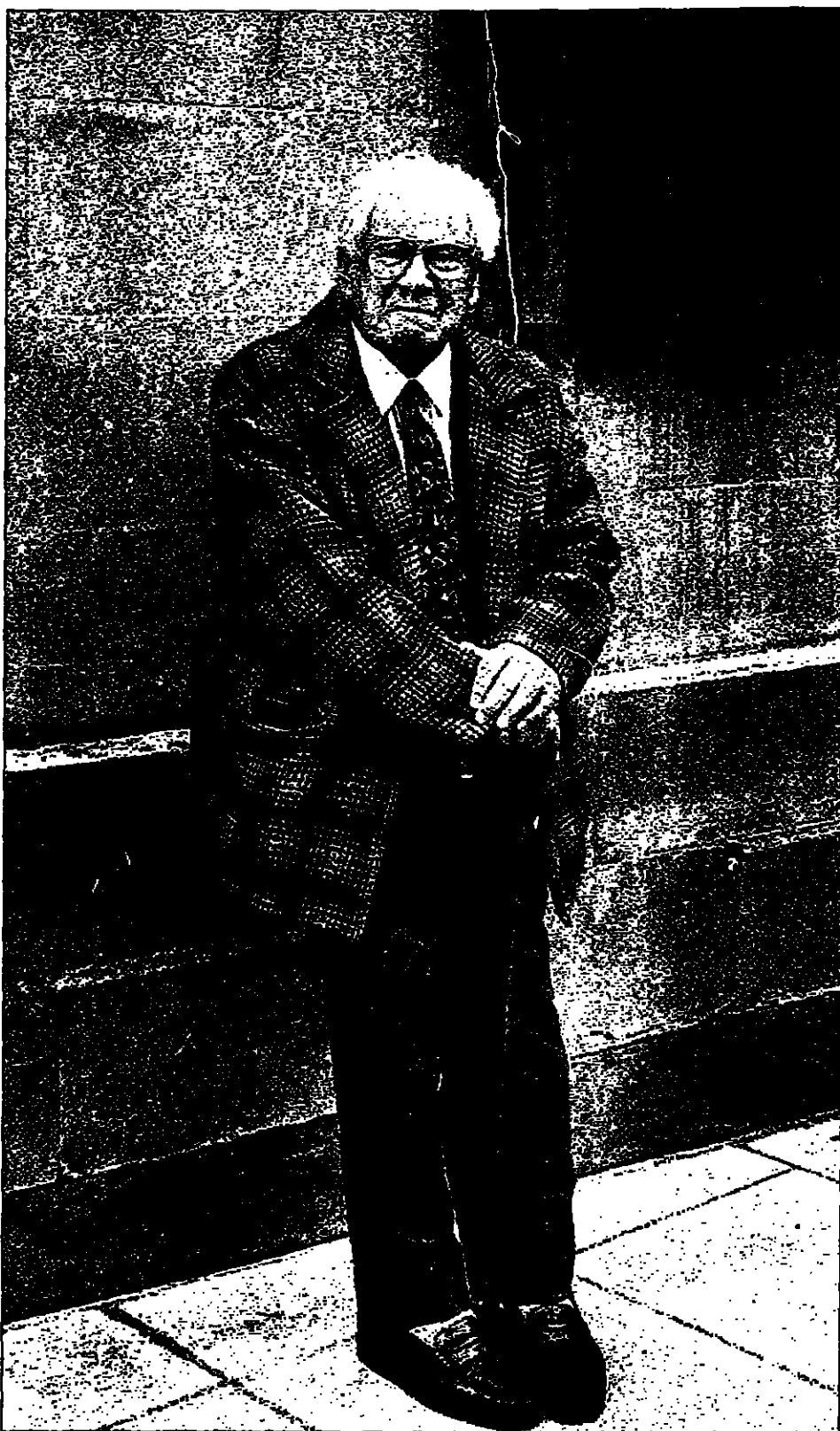
gested that it was strange that Mr Mitchell had not appreciated the role of the committee since the Hamilton affair had first come to light in May 1994, a month before Mr Mitchell's appointment to the committee.

Mr Mitchell replied that Mr Campbell-Savours was speaking with the benefit of hindsight and that no one had objected to his appointment to the committee, including Mr Campbell-Savours. "Any of 651 members could have objected. No one objected," he said.

Mr Mitchell, who is the second minister to appear before the committee the findings of which led to the resignation of the paymaster general, David Willetts, last month, is accused of passing on privileged information, obtained as a member of the committee, on to Richard Ryder, the Chief Whip.

He wrote a memo on 24 October 1994 to the Chief Whip after he had seen the Registrar of Members' Interests to ask him about the significance of an article in *The Independent* that day which suggested that Mr Hamilton had failed to declare an interest in consultant to the registrar.

The memo suggests the meeting was inconclusive and ends with the comment "not very helpful I am afraid" which, in a note to the committee, Mr Mitchell "refers to the fact that the Registrar's advice was inconclusive because the position was not clear one way or the other".



Stand-up role: Sir Peter Ustinov outside the Ustinov Studio Theatre, Bath, where a bronze statue designed by Sir Peter's son, Igor, was unveiled yesterday. Photograph: Geraint Lewis

Balloon voyage ends in India

Charles Arthur

Tired and cold but with two world records to his name, the American balloonist Steve Fossett landed in a tiny Indian town yesterday – and renewed the competition to be the first to fly a balloon around the world.

Mr Fossett touched down yesterday at 7.40am GMT near Prithviganja, about 430 miles south-east of New Delhi, having flown almost 9,500 miles over more than six days – smashing the balloon endurance and distance records in his British-built Solo Spirit by about 4,000 miles and 90 minutes.

"I wish I could have made the biggest achievement and flown around the world," he said. "But this is also successful. It showed we are very close to being able to fly around the world."

He had to fight hard for his records: he spent the final night of his flight at 24,000ft over Iran, being buffeted by 120mph winds. The heaters inside the unpressurised cabin didn't work, the outside temperature was minus 27 Centigrade and the oxygen supply dried out his mouth. He had only about 12 hours sleep since taking off from St Louis, Missouri on January 13.

The former securities trader, now a full-time adventurer, was following the earlier failures of two rival teams – the three-man, £3 million Virgin Challenger, including Richard Branson, and a two-man team sponsored by Breitling.

Mr Fossett, 52, flew in a balloon costing about a tenth of the Virgin balloon, at a lower altitude, and alone. That imposed a drastic physical toll, even for a man who has swum the Channel and climbed the highest mountain in the US.

Jail chiefs' U-turn over visitor searches

Ian Burrell

Probation officers last night claimed the Prison Service had made a dramatic U-turn in the row over jail searching.

Jail chiefs have drafted new rules forbidding staff from running their fingers through the hair or searching inside the mouths of professional prison visitors. Officers are specifically warned not to touch the breasts of females.

The guidelines, drawn up by a senior prison official, Philip Wheatley, and seen by *The Independent*, follow a row in which the National Association of Probation Officers (NAPO) threatened to seek judicial review of the legality of what it called "intrusive" searching.

The Prison Service, anxious to meet targets set down in official security reviews following the Whitmore and Parkhurst prison escapes, has maintained

that the searching is necessary to prevent drugs or weapons being smuggled into jails.

NAPO believes that the policy has gone too far, leading to over-zealous searches of probation officers, social workers, lawyers and other professionals who need to visit clients in jail.

Last night it emerged that two women drugs workers were planning legal action after they were accused of being heroin smugglers and subjected to a full

strip search in a toilet in Liverpool prison. Sue Edwards, 35, and her colleague Carry Burton, 37, had gone to the jail to prepare a report on an inmate who was facing drugs charges and was being considered for rehabilitation treatment.

They have claimed that jail staff refused to acknowledge the authenticity of Edwards' ID and said she was really called Sue Rider, or "Heroin Sue", and was carrying drugs.

The women said the prison refused to contact their office to confirm their identities and called the police. They then asked the women to strip in a corridor behind some towels.

When the drugs workers refused they were told to go into a toilet accompanied by a female prison officer and a woman police officer. They were strip searched and no drugs were found. Both women were badly shocked by the episode, for

which they received no apology, and are bringing legal action against the prison through their union, Unison.

A copy of the new draft, "Core Entry Search Procedures", was circulated to chief probation officers last week. It will be submitted to ministers for approval.

Ann Widdicombe, the prisons minister, denied last night that the rules represented any kind of climbdown.

THE INDEPENDENT ABROAD

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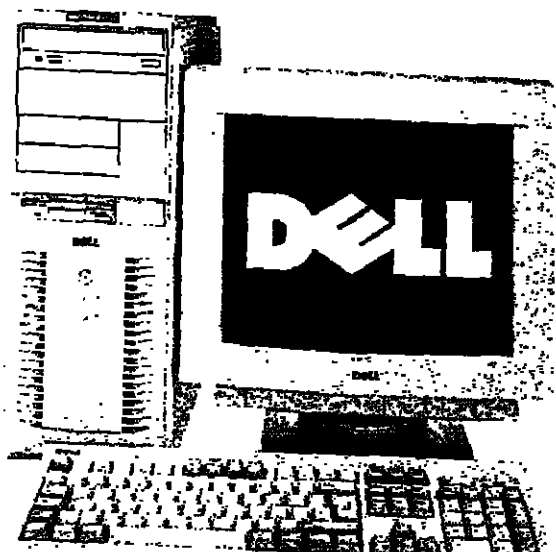
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How many HAVE YOU READ?

- 45 The Remains of the Day Kazuo Ishiguro
- 46 The Unbearable Automaticity of Being Sebastian Faulks
- 47 Birdsong Sebastian Faulks
- 48 Howards End E.M. Forster
- 49 Brief Encounter Evelyn Waugh
- 50 A Suitable Boy Vikram Seth
- 51 Dune Frank Herbert
- 52 A Prayer for Owen Meany John Irving
- 53 Perfume Patrick Suskind
- 54 Doctor Zhivago Boris Pasternak
- 55 Gormenghast Mervyn Pinfield
- 56 Cider with Rosie Laurie Lee
- 57 The Bell Jar Sylvia Plath
- 58 The Handmaid's Tale Margaret Atwood
- 59 Testament of Youth Vera Brittain
- 60 The Magus John Fowles
- 61 Brighton Rock Graham Greene
- 62 The Ragged-Dickensian Philanthropist Robert Truett
- 63 The Master and Margarita Mikhail Bulgakov
- 64 Tales of the City Robert Stone
- 65 The French Lieutenant's Woman John Fowles
- 66 Captain Corelli's Mandolin Louis de Bernieres
- 67 Slaughterhouse 5 Kurt Vonnegut
- 68 Zen and the Art of Motorcycle Maintenance Robert M. Pirsig
- 69 A Room with a View E.M. Forster
- 70 Luv Ya Jew Kingsley Amis
- 71 It Stephen King
- 72 The Power and the Glory Graham Greene
- 73 The Stand Stephen King
- 74 All Quiet on the Western Front Erich Maria Remarque
- 75 Paddy Clarke Ha Ha Ha Roddy Doyle
- 76 Matilda Roald Dahl
- 77 American Psycho Bret Easton Ellis
- 78 Fear and Loathing in Las Vegas Hunter S. Thompson
- 79 A Brief History of Time Stephen Hawking
- 80 James and the Giant Peach Roald Dahl
- 81 Lark Chamberlain's Lover D.H. Lawrence
- 82 The Bonfire of the Vanities Tom Wolfe
- 83 Complete Cookery Course Delia Smith
- 84 An Evil Cradling Brian Koppelman
- 85 The Rainbow D.H. Lawrence
- 86 Down & Out in Paris and London George Orwell
- 87 2001: A Space Odyssey Arthur C. Clarke
- 88 The Tin Drum Gunter Grass
- 89 A Day in the Life of Ivan Denisovich Aleksandr Solzhenitsyn
- 90 Long Walk to Freedom Nelson Mandela
- 91 The Sellfish Gene Richard Dawkins
- 92 Jurassic Park Michael Crichton
- 93 The Alexandria Quartet Lawrence Sanders
- 94 Gav, the Beloved Gummy Alan Paton
- 95 High Fidelity Nick Hornby
- 96 The Van Roddy Doyle
- 97 The BFG Roald Dahl
- 98 Earthly Powers Anthony Burgess
- 99 L. Claudius Robert Graves
- 100 The Horse Whisperer Nicholas Evans

If you haven't read all the 100 greatest books of the century (as voted by Waterstone's customers and Channel 4 viewers), you've still got something to look forward to. If you haven't read most of them, you've got some catching up to do. If you've hardly read any of them, welcome to the twentieth century.

For an indication of where you might like to start, try the thoughts of some well known names reviewing highlights of the list every evening this week at 7.55pm on Book Choice on Channel 4.

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news

Staff at fault for Manton school closure

Judith Judd
Education Editor

A headteacher and the warring factions on his governing body are largely to blame for bad management at a school closed for eight days over one disruptive 10-year-old boy, says a report published yesterday.

The head and governors at Manton Junior School in Worksop, Nottinghamshire, were so preoccupied in fighting their own battles that children's schooling suffered, says the report from local authority inspectors.

While governors breached the confidentiality of meetings, the head, Bill Skelley, withheld information from them and tried to dominate meetings.

Last night, Mr Skelley's union accused Nottinghamshire county council of trying to make the head a scapegoat for its own failings and for those of the governing body. Staff at Manton went on strike last autumn after governors twice overturned Mr Skelley's decision to exclude Matthew Wilson.

The dispute ended when the boy's mother, who denied that he was disruptive, agreed that he should go to another school.

The report says: "Relationships between the head-teacher and the governing body are unproductive. The work of the governing body and the strategic management of the school have been adversely affected by lack of information to governors, mistrust, and too little involvement of governors in the life of the school."

The "development of factions within the governing body only served to worsen the situation."

The governors, say inspectors, are divided into those who feel they "are unable to make an effective contribution because of the domination of the head-teacher" and those who are "uncritically supportive of the head."

The balance of the governing body should be reconsidered because the recent resignation of some governors means that the majority are now strongly affiliated to the staff.

"Governors need to ensure that they are always acting on behalf of the children of Manton and not uncritically backing staff proposals."

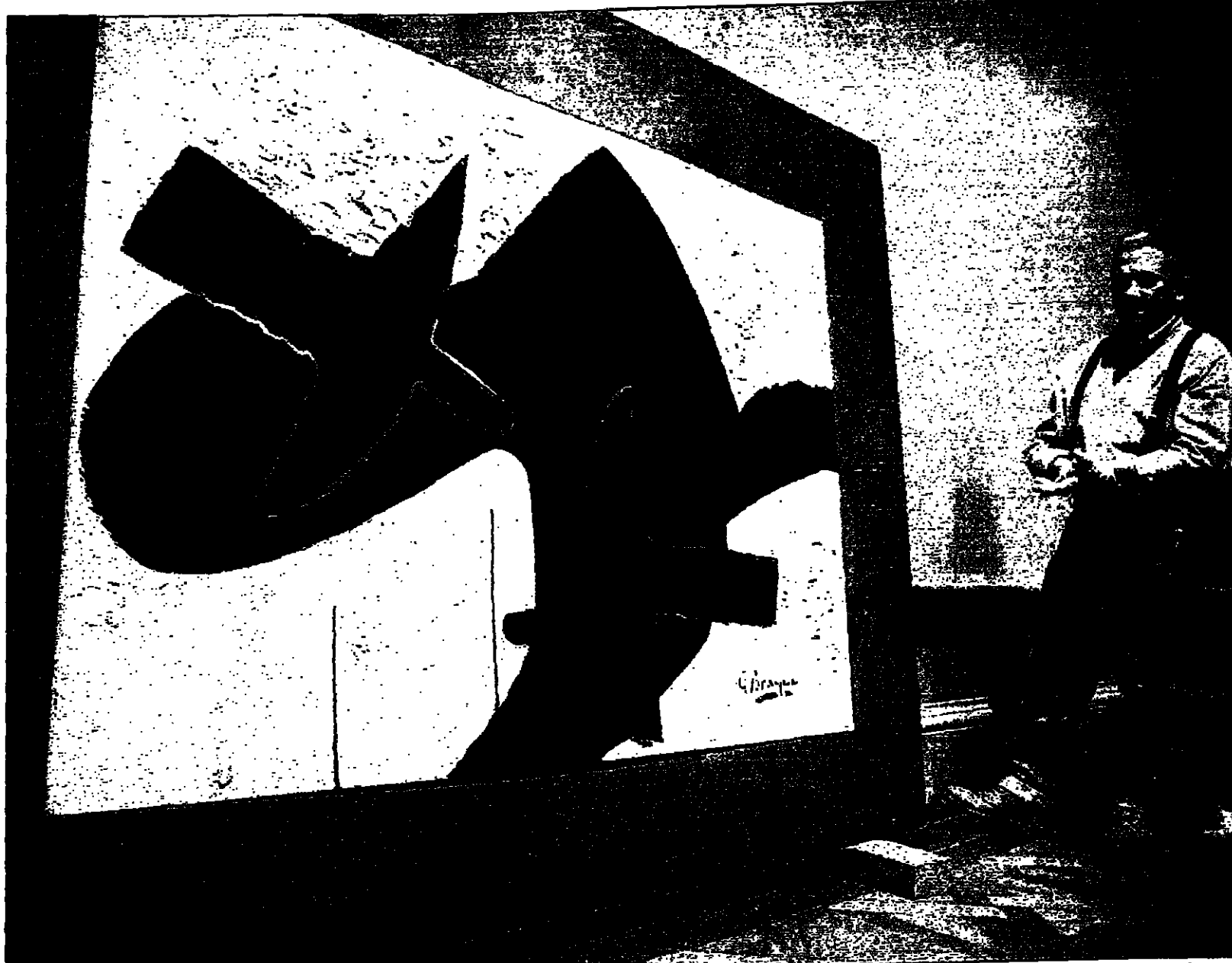
Pupil behaviour, which first brought the school into the limelight, is "sound and sometimes good". Discipline and bad behaviour outside lessons occurs because the school puts too much emphasis on punishment and control and not enough on praise and personal responsibility.

Relations between the head and staff are good, says the report, but it criticises them for insisting on retaining the maximum number of teachers to keep class sizes low. "This has benefited staff morale more than pupil achievement."

Doug McAvoy, general secretary of the National Union of Teachers, said: "I am deeply disappointed with the tone and partial content of the inspection report, in particular the summary."

"The full report points to the generally sound school policy development and the significant progress made in the last two years under Mr Bill Skelley's leadership."

Nigel de Gruchy, general secretary of the National Association of Schoolmasters' Union of Women Teachers, to which the school's eight classroom teachers belong, said: "The report confirms my impressions that classroom teachers were doing a good competent job in difficult circumstances."



Late show: *The Black Birds*, one of George Braque's later paintings, being hung at the Royal Academy of Arts in London in an exhibition of some 45 works from the final 20 years of the influential Cubist's career. The show runs from this Thursday until 6 April. Photograph: Nicola Kurtz

Fashanu 'received £800,000 in betting syndicate deals'

Michael Streeter

The television presenter and former Premier League footballer John Fashanu received up to £800,000 in deals with the alleged representative of a Far Eastern betting syndicate, a court heard yesterday.

Christopher Vincent, a former business partner of the goalkeeper Bruce Grobbelaar, told Winchester Crown Court that Fashanu's payments were discussed after Grobbelaar had collected £40,000 in an elephant-skin briefcase from the former striker for allegedly fixing a match between Liverpool and Newcastle.

Mr Vincent told the court: "When we were leaving... Grobbelaar told me Fashanu had made somewhere between £400,000 and £800,000 doing business with 'the short man'."

Giving evidence on the fourth day of the trial in which



Fashanu: Denies accepting cash for match-fixing

Fashanu, Grobbelaar and the former Wimbledon goalkeeper, Hans Segers, are accused of fixing matches, on which the syn-

dicate betted. Mr Vincent said it was Fashanu who had introduced Grobbelaar to the Indonesian outfit.

"Mr Grobbelaar told me that he had been introduced to some men from the Far East by John Fashanu. They were prepared to pay him £1,500-£2,000 a week for predicting the outcome of football games."

Later, Grobbelaar told his fellow Zimbabwean that this had changed to fixing games - by ensuring Liverpool lost.

"I asked him how that was possible. He said he had been Liverpool's goalkeeper for 14 years and if he was standing a yard or a foot off his line, no one would know," said Mr Vincent.

Grobbelaar had told him he was unhappy about how much his club, Liverpool, paid him compared with new players such as Paul Stewart, and was particularly unhappy at his

treatment by Liverpool's then manager, Graeme Souness.

Mr Vincent said apart from the £40,000 paid to him at a north London address where Fashanu was present, he had been with the goalkeeper when he received payments of £1,000, £750 and £500 from a man he knew as "the short man" - whom the prosecution say is the fourth defendant, Heng Lim, allegedly the Indonesian syndicate's UK representative.

On the first of these meetings, Grobbelaar and Mr Vincent had waited in the foyer of the Hilton Hotel at Manchester Airport when the short man came in and Grobbelaar said: "That's my man". Later, Mr Vincent said Grobbelaar had received £1,000 in a brown envelope handed over in the genus toilet.

The court heard that Grobbelaar and Mr Vincent had become close friends after the goalkeeper invested £65,000 in

a safari and golf-trip companies but had fallen out when the safari company collapsed in summer, 1994.

Mr Vincent said that he then contacted the *Sun* newspaper, which arranged for him to meet Grobbelaar in a series of videotaped interviews with Mr Vincent, offering him the chance of a new match-fixing syndicate.

Grobbelaar, 38, Fashanu, 33, and Malaysian-born Lim, 31, all deny giving or receiving money in a corrupt conspiracy to influence the outcome of a football match or as a reward for doing so.

Fashanu, Lim and 34-year-old Segers deny a similar charge. Grobbelaar denies a separate charge of receiving £2,000 as an inducement for influencing a football match.

Mr Vincent is at present in custody in connection with a charge on a separate matter. The case continues.

Bank firm against Horlick claim

Jill Treanor
Banking Correspondent

Nicola Horlick, the City pension fund manager, yesterday remained committed to her fight to win back her £1m-a-year job but her attempts seemed deadlocked as her former employer, Morgan Grenfell Asset Management, was equally strong in its resolve not to reinstate her.

Mrs Horlick grabbed the headlines last week for her acrimonious departure from MGAM, where she had worked for five years and earned a reputation as one of the City's top fund managers.

She was also known as Superwoman for her ability to combine her hectic family life - she has five children and an investment banking husband - and her demanding job.

John Farr, her lawyer, said yesterday she wanted to reach an amicable settlement with her former employer as soon as possible.

"Her first choice would definitely be to get her job back," said Mr Farr. But if this was not possible then compensation, expected to run to millions of pounds, is the alternative. If this fails she is likely to take legal action against MGAM for "constructive dismissal".

"If there is not a quick amicable solution, she has been constructively dismissed and we would be going to court. If there is going to be an amicable solution, it should be fairly quick - one would hope by the end of the week - otherwise we're probably into the legal proceedings route."

MGAM said it had not been contacted by Mrs Horlick and had no reason to communicate with her because she was no longer an employee. "The ball's in her court," a spokesman said.

The row broke out last Tuesday when Robert Smith, the chief executive of MGAM, suspended Mrs Horlick when he suspected she had been talking to a rival firm about moving there with her MGAM team. He had promoted her to his deputy the previous Friday.

She denied that she was planning any such move.

With a client list including Eurotunnel, British Aerospace, Lorrain and Allied Domecq, such luxuries are affordable. Cardew specialises in mergers and acquisitions and is used to playing the long game. This is fortunate, for it may take a long time for Nicola Horlick to repair the serious damage she has done to her credibility in the last few days.

Even Anthony Cardew admits to having a major image rehabilitation job on his hands. As he puts it: "It's like an oil tanker. It will take time to turn around."

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politics

Brown pledges 10p tax, but no top rate rise

This is an edited text of the keynote speech made by the shadow Chancellor in Westminster yesterday

Anthony Bevis
Political Editor

"My approach is not to tax and spend, but to save and invest," Gordon Brown said in summing up Labour's new Exchequer doctrine yesterday. "I have an iron commitment to stability in public finances."

"We will not spend for its own sake, but according to our priorities. We will organise the tax system around clear principles and values. And I have shown that we will make tough choices where necessary, and do so on a fair basis."

"But let nobody be in any doubt that we build from this platform of stability for a purpose. We do this so that we can equip our country for a prosperous future and raise the growth rate of our economy."

"So that we can ensure for all the best educational opportunities and the skills to cope with change. So that we can give those denied work the employment opportunities they need."

"So that we can, in partnership with business, create the conditions for the long-term investment they need to succeed – and so that we can create a fairer and more just society, that ensures not just work and opportunity for those who need it but security for those denied it."

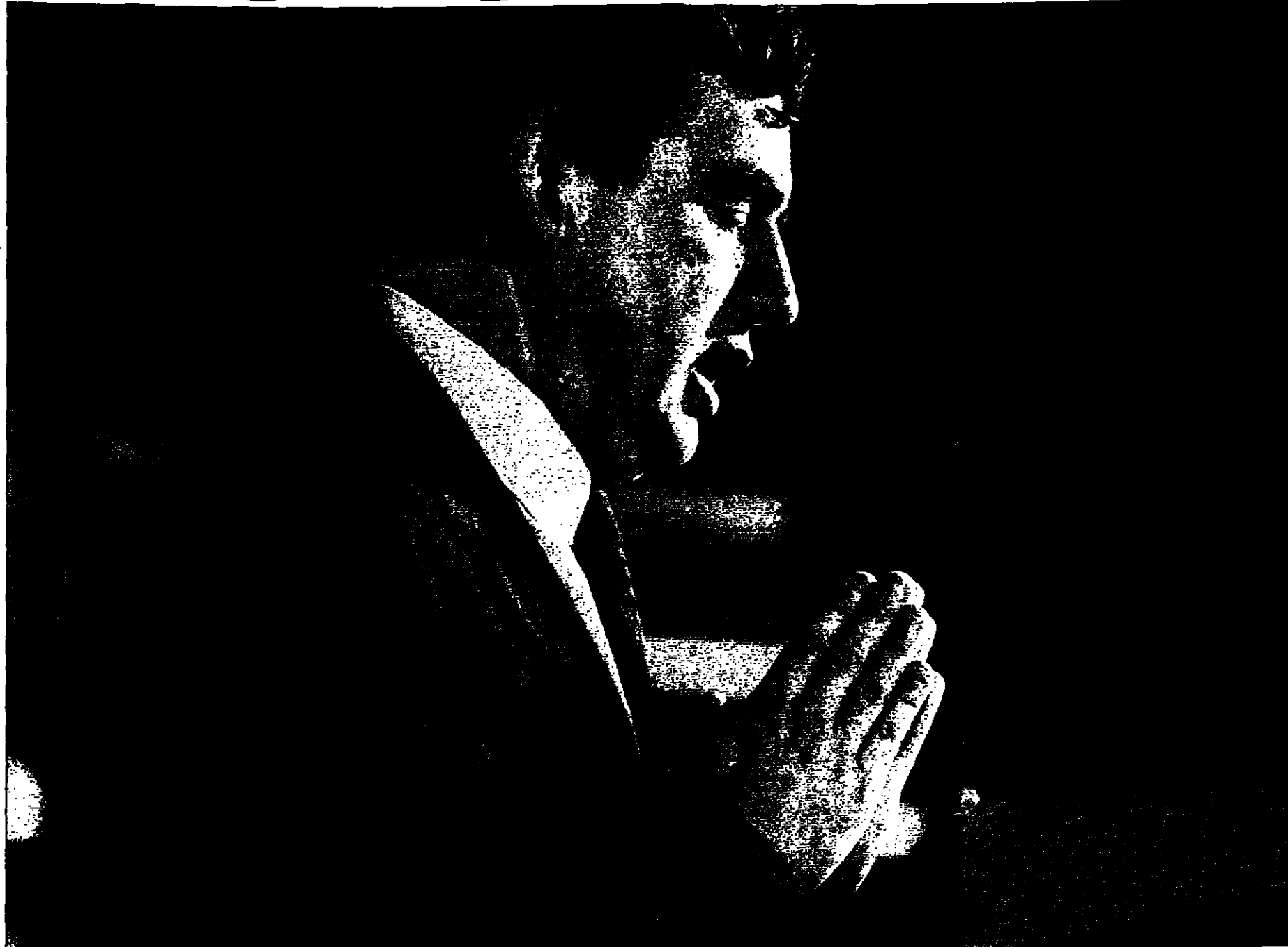
"It is through applying our principles and by building a new trust on tax and spending with the British people that Britain will be better off with Labour."

At the start of his keynote speech to businessmen at the Q&E centre in London yesterday, Mr Brown said: "Britain needs a new approach that recognises that government can best advance the public interest not by suppressing markets – the old Labour view – or simply succumbing to them – the view of the right – but by equipping individuals and companies to succeed within them..."

"For the last 50 years this country has been held back by damaging cycles of boom and bust. The volatility has damaged the confidence that generates investment and is one of the key reasons why Britain has invested so much less than our competitors."

"Low inflation is a precondition of sustainable growth. And we can only succeed in ensuring low inflation and interest rates through sound public finances based on a fair approach to spending and taxation..."

"In the past, Labour's correct



Planning a future: Shadow Chancellor Gordon Brown giving his speech at the Q&E conference centre in London yesterday

Photograph: Brian Harris

Gurus spin a line in the future imperfect

Fran Abrams
Political Correspondent

By the time Gordon Brown rose to his feet yesterday, the Labour Party had already issued its attack on the Tories' attack on the contents of his speech.

In the fevered world of pre-election politics, everything happens at least 24 hours in advance. By the time a big event such as a set-piece speech comes round, it has been in all the newspapers. As often as not, other political parties have already spoken out against it and the party making the announcement has come back with its own reaction to the reactions.

Readers of yesterday's *Independent*, for example, will have seen some sizeable chunks of Mr Brown's speech published verbatim on the front page.

Even though the shadow chancellor was not due to speak until yesterday, his spin-doctors had already fed a "line" on his tough stance on public-sector pay to the Sunday newspapers.

Left the daily papers should feel left out, the news about Labour's public-sector spending freeze was then given to them for Monday morning.

By Monday morning, therefore, much of that day's speech was public knowledge. So when Mr Brown spoke on Radio Four's *Today* programme he had to have yet another announcement to make in order to keep the broadcasters happy. He opted for the revelation – already widely trailed but not previously confirmed – that Labour has dropped its proposal to impose a 50-per-cent top rate of tax on people earning more than £100,000.

Now the party's spin-doctors must find something else for Mr Brown to announce next week, and the week after. There is still plenty to say, of course – full details of the party's tax plans are still to be seen, for example. But with a whole series of major speeches scheduled for the next few weeks, they are bound to have their work cut out.

commitment to the public interest has often led to a reflex commitment to more public ownership and increase public spending. No longer... Before we can make any strategic decisions on public spending, we must be sure that existing resources are being spent as effectively as possible in advancing the public interest..."

"In addition to... responsibilities for law and order and defence, the decisions of a Labour government will be guided by our three priorities: encouraging investment for the long-term, expanding employment, and opportunity and fairness..."

"Labour will take a firm and fair approach to public-sector pay. Decisions will be made with a view to retain, recruit and motivate staff. But these must be made within tough cash limits. With Labour, all public-sector pay agreements must be financed from within the agreed departmental cash limits..."

"Our programme requires no new spending commitments other than those financed by the windfall tax... we will be making no new commitments in our manifesto which require additional spending. "So our first Budget will not reopen

overall spending allocations for the 1997-98 financial year... Each departmental minister will want to use their first year to work out with their departments and permanent secretaries how they can overhaul existing spending so that... spending is reordered to meet Labour's priorities in the 1998-99 financial year..."

"The key to ensuring the decent services we all want to see and keeping the tax burden down is improving the performance of our economy, cutting the bills of failure and ensuring the public and private sector work together for Labour priorities..."

"We have already made it clear that our approach to taxation will be based on our values: that the tax system must encourage work and opportunity for all, it must encourage investment and it must promote a fair society... after 22 Tory tax rises since 1992 which have hit hard-working families, I want to make clear that a Labour government will not increase the basic rate of tax."

"It is because we understand the importance of work that there will be no return to penal marginal tax rates at the top. As a signal of the importance we attach to rewarding work I

want to make clear that I will not increase the top rate of tax... And just as it cannot be right that the highest earners in Britain face penal marginal rates of tax, so it is wrong that some of the lowest-paid face effective marginal tax rates of 80 or 90 per cent, and, in some cases, over 100 per cent."

"Labour wants to tackle the problem of penal marginal tax rates facing the low-paid by introducing a new lower starting rate of tax... My tax-cutting ambition is to introduce a new lower starting rate of tax of 10 pence to encourage work and help all hard-working families."

Peers vote down bugging powers

The Government suffered a defeat in the House of Lords last night as law lords and other peers united against measures in its Police Bill.

The House voted by 209 to 145 votes in favour of a Labour amendment which would require police to obtain prior consent before bugging or bugging homes or other premises. The Government then suffered another defeat on a Liberal Democrat amendment which would allow any one of 440 circuit judges to give the permission. Peers voted in favour of that measure by 158 to 137.

As ministers came under attack from every side in a debate on their Police Bill, Lord Lloyd of Berwick told peers that if it were passed as it stood it would be challenged in the European Court.

"What sense is there in passing a Bill which would be doomed under the European Convention?" he asked.

Ministers want police to be able to carry out their surveillance and bugging operations without having to seek permission to do so first. Labour, which originally supported the measure, was forced last week

to shift its position. Its spokesman argued at the Bill's report stage last night that police should have to seek permission in advance.

The former Labour prime minister, James Callaghan, said that when he was Home Secretary in the 1960s electronic and covert surveillance was unheard of. The Bill's proposal that police should be allowed to carry out such operations on their own authority was fundamentally wrong.

"When the security services have to secure a warrant to intrude on the premises of an enemy agent, I don't see why we should give less protection to our own citizens by not requiring chief constables to do the same thing," he said.

Lord Callaghan said such operations must have started in the 1970s. By 1977-78, in his last years as Prime Minister, between 500 and 600 operations were carried out, the House heard. Now the figure has risen to 1,300.

Baroness Blatch, Home Office Minister, said most peers seemed to be agreed that there was a need today to tackle serious crime in this way.

"The police are concerned at

the invasion of a person's privacy and don't take decisions of this sort lightly. It is the police themselves who have pressed the Government for some years now to put these activities on a statutory basis," she said.

But opposition parties want extra protection for individuals. Lord McIntosh of Haringey, Labour's Home Affairs spokesman in the Lords, said that the Bill still did not give enough protection to civil liberties.

"We are concerned not just that serious crime should be pursued but also that we should preserve the principle... that an Englishman's home is his castle and that the officers of the State and the Crown have no right to intrude into that home without some independent justification and independent authority," he said.

The Government was also attacked by a former Conservative home secretary, Lord Carr of Hadley, who held the post from 1972 to 1974. He said he was "astounded" when he heard how many surveillance operations were now going on. A judge should make the decision he said. "If we were to allow it to go the other way I



Lord Callaghan (above) and Baroness Blatch



believe 20 years from now our successors would regard our allowance of it as something of which we should all be dreadfully ashamed," he said.

Death of Labour MP pulls Tories back from brink

Anthony Bevis
Political Editor

The death of the Labour MP Martin Redmond yesterday pulled the Government back from the Commons minority which was created by last week's death of the Conservative MP Iain Mills.

Mr Redmond, 59, was MP for Don Valley, in South Yorkshire. He had been suffering from cancer for some time.

Because Mr Redmond and Mr Mills have died so late in the life of the Parliament, neither

Don Valley, nor Mr Mills's Meriden constituency will be open for a by-election.

But there is continuing speculation about the timing of the Wirral South by-election – and its possible impact on the timing of a general election.

A MORI poll which was conducted for the *Six* yesterday bore out local Conservative fears about Wirral South, showing a swing of more than 15 per cent from the Conservatives to Labour in the seat since the 1992 election, with Labour leading the Tories by 52 per cent to

36 per cent. Local Tories believe that the scale of the swing reflects the change in local population, with many new diehard Labour voters having moved "over the water" – the Mersey – and into the constituency, from Liverpool.

A Conservative promise that the by-election will not be held up means that it should be held on 6 March, the earliest possible date after the introduction of the new electoral register on 16 February.

There were two lines of speculation prompted by the MORI

findings yesterday: one, that the Prime Minister would call a 20 March general election in order to avoid an unrepresentative debate in Wirral South; or secondly, that he would stall a general election until the last possible moment, 1 May, in the hope that the humiliation of Wirral South might be forgotten, and that things might improve.

The death of Mr Redmond means the Tories now have the same number of voting MPs – 322 – as all the other parties combined.

Alan Clark on road to Commons

Colin Brown
Chief Political Correspondent

Alan Clark, the eccentric former defence minister in Margaret Thatcher's government, has cleared the first hurdle in his bid to re-enter the House of Commons.

The former MP for Plymouth Sutton is among six candidates to be shortlisted tonight to replace Sir Nicholas Scott in the Chelsea and Kensington con-

stituency. The final election will be held on Thursday.

But at Westminster, some MPs were tipping Patricia Morris, a financial consultant, who is highly regarded as a bright, gutsy speaker. Sarah Whitehouse, a runner-up to Archie Norman for the Sevenoaks seat, is also on the shortlist.

Winston Churchill and David Harris, both existing Tory MPs, did not reach the shortlist, but the other hopefuls include

Hugo Summerson, the former MP for Walthamstow, north east London.

A barrister and adviser to the Euro-sceptics, Martin Howe, is on the shortlist with a local councillor, Daniel Moylan. Mr Howe is a nephew of the former Chancellor, Lord Howe.

Meanwhile, the party leadership is preparing for Sir George Gardiner to be sacked as Tory MP for Reigate by his constituency. Sir George, a

leading Euro-sceptic and former leader of the Thatcherite 92 Group, survived one attempt to oust him by his constituency last year after the Chief Whip, Alastair Goodlad, and other senior figures in the party rallied round to his cause.

A senior source last night said there would be no attempt to help Sir George a second time. "It's now entirely up to his constituency, but we are not helping."



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Gurus spin a line in the future imperfect

Fran Abrams
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Not the party's spin-doctor, but something else for Brown to announce next week, was clear. There is still a lot of spin-doctoring - full details of the party's plans are still to be seen in the sample. But with a series of Labour speeches what for the next few weeks, they are bound to have their work on.

MP pulls

m brink

o Commons

Anglican rebels to appoint their own bishops

Andrew Brown
Religious Affairs Correspondent

The schism in the Church of England over the ordination of practising homosexuals widened yesterday when Reform, a conservative evangelical group, announced plans to create its own bishops and to plant its own churches outside the Church of England that would be "legally independent but theologically connected".

"We intend to use the structures of the Church of England in its institutional forms where they forward the Gospel," the group announced.

Reform, which claims as members 600 priests out of the 10,000 who belong to the Church of England, did much to organise the protests against the service last autumn at Southwark cathedral in south-east London to mark the 20th anniversary of the gay Christian movement. The group condemned the service as "a blasphemy".

Reform is also opposed to women being ordained as priests, on the grounds that the Bible mandates patriarchy.

For several years the group has been moving in the direction of setting up a quasi-independent church - first by withholding money from diocesan funds, secondly by threatening to train candidates for the priesthood who would continue Reform's beliefs, and now by creating their own bishops, who could in turn ordain priests.

Such bishops would be illegal under English law, but their ordination would be valid. It is difficult to see what sanctions the Church of England would take against them.

Although Reform represents a tiny minority in the General Synod - where it has fewer than 16 seats out of 560 - it operates from a base of large and prosperous conservative evangelical churches, some of whom are already withholding payments from diocesan funds.

When asked whether this is not splitting the church, leaders reply that it is the other side doing the splitting.

In a statement announcing their plans for new bishops, the group says: "We ... are the Church of England. Our parishes are seen to be the embodiment of the doctrine that defines and constitutes the Church of England. Reform is not, therefore, 'a Church within the Church'. We are not about to 'leave the Church of England'. The statement continued: "We define the Church of England not by bishops and synods, but, as it is established, by the Bible, the creeds and the canons."

Reform is vague about when the proposed bishops might be consecrated. It sees their deployment as a final step if the Archbishop of Canterbury, Dr George Carey, refuses to grant their request for a "flying bishop" who would share their theological views. The two "flying bishops" so far appointed to minister to the opponents of women priests have been Anglo-Catholic, and disagree with Reform on almost everything except the undesirability of women priests.

Dr Carey is unlikely to accede to this request. Last autumn he denounced "bullying loud-mouthed controversialists" in the Church; this attack was aimed at Reform.

Many of the Reform parishes are already in dispute with their bishops: one, in south London, has asked for the episcopal oversight of the Bishop of Fulham, an Anglo-Catholic opposed to women priests, rather than the evangelical bishop of Southwark, the Rt Rev Roy Williams.

No official comment was forthcoming from the Church of England to this latest threat from Reform. Dr Carey is on sabbatical in the United States, and cannot be reached because the electronic mail system on his computer is broken.



Toast of Paris: John Galiano receiving a standing ovation following the presentation of his first collection yesterday for Dior

Photograph: Ben Elwes

The Englishman who stormed Paris

Tamsin Blanchard

Galliano's Dior collection feted as finest since the New Look

Not since Dior's New Look was shown 50 years ago has the couture house been so feted as it was after John Galiano's first collection yesterday.

The designer was greeted with a tumultuous standing ovation after the show at the Grand Hotel in Paris. The world's couture collectors, from Nan Kempner to Galliano champion Sao Schumberger, looked on in awe, barely able to control their mental shopping lists. And the Duchess of York, there in her new capacity as fashion commentator for *Paris Match*, sat sandwiched between Marisa Berenson, Charlotte Rampling and Beatrice Dalle, conducting her own media circus. The clothes, rather than Galliano's usual theatrics, stole the show. There were magnificent pieces, including structured, hourglass hound's-tooth suits, Last Emperor Chinese black-cut satin crepe evening dresses in lime green and old rose, beaded corsets inspired by Masai warriors worn over *belle époque* dresses with exaggerated padded bottoms, and fantasy ball gowns of embroidered duchess satin with yards of frothy net skirts. There was as much Dior as there was Galliano.

In 1947, when the 42-year-old Christian Dior showed his New Look, the wide hems of sweeping skirts and the opulent femininity shocked war-torn on-lookers. The look was not new, but harked back to an age when women like his mother were laced tightly into corsets. Galliano shares the same vision of women. And his New Dior has made him not only the toast of the fashion world, but also of the couture grandmothers who buy.

Only a year ago, Galliano showed his first couture collection for Givenchy, which, like Dior, is owned by LVMH (Moët Hennessy Louis Vuitton). Bernard Arnault, chairman of the luxury goods conglomerate is the man responsible for forcing couture to move forward. It is he who has bought John Galliano, Alexander McQueen and the American Marc Jacobs to Paris. The job at Dior is a plum post because the house is a money machine.

In 1949, 75 per cent of all French fashion exports were licensed to Dior. The house was first to seize upon the potential of selling affordable spin-offs to wider markets like to Japan and America. Miss Dior was hired for Givenchy. Before that, it was assumed that haute couture was dying out, along with its handful of monstrously wealthy clients. Chanel's Karl Lagerfeld has welcomed the competition, and has managed a spot of espionage by poaching Galliano's creative support and muse, Amanda Harlech, who has been at his side for the past 12 years. In November, when Lagerfeld

Queen, Mr Arnault has effectively declared war on the other couture houses of Paris, namely Chanel, the company that actually makes money out of selling haute couture.

The change in pace of Paris couture has been inevitable since Galliano was hired for Givenchy. Before that, it was assumed that haute couture was dying out, along with its handful of monstrously wealthy clients. Chanel's Karl Lagerfeld has welcomed the competition, and has managed a spot of espionage by poaching Galliano's creative support and muse, Amanda Harlech, who has been at his side for the past 12 years. In November, when Lagerfeld

offered her more money than she could sanely turn down, she swapped allegiances. He shows his collection today.

Ready-to-wear designers are also keen to get in on the act. Jean Paul Gaultier showed his first couture collection on Sunday night before an audience that included Elton John. Thierry Mugler shows his first couture collection tomorrow.

With the retrospective exhibition for Dior currently on show at the Metropolitan Museum in New York, and the publicity surrounding Princess Diana in the first Galliano for Dior dress at the private view, Mr Arnault will be rubbing his hands in glee. Not only will the Dior name hit the headlines, the clothes themselves will be the most sought-after of the season.

British films scoop Hollywood's golden honours

David Lister
Arts News Editor



Brenda Blethyn: Winning role in *Secrets and Lies*

Brenda Blethyn, the star of Mike Leigh's film *Secrets and Lies*, led a night of British triumphs at the Golden Globe Awards in Hollywood.

The awards, decided by the Hollywood foreign press association and often seen as a pointer to the Oscars, saw Ms Blethyn win best dramatic actress for her role as a white working-class mother traced by the black daughter who she gave up

for adoption at birth in Leigh's richly comic and poignant tale. Winning her first Hollywood award at 50, Ms Blethyn, a secretary for 10 years before she became an actress, said at the ceremony at the Beverly Hilton hotel: "Crikey, I'm happy to be in the building, never mind standing up here."

In a night of wins for Britain, *The English Patient* - based on Michael Ondaatje's 1992 Booker Prize winning novel - directed by Anthony Minghella and starring Ralph Fiennes, won two

awards: best motion picture drama and best original score.

Awards for performances on American television saw three British stars pick up the top honours. Helen Mirren won best actress in a mini-series, for *Losing Chase*; Alan Rickman won best actor in a mini-series, for *Rasputin*, and Sir Ian McKellen won best supporting actor, also for *Rasputin*.

Evita, directed by Alan Parker, won three awards, including best motion picture musical. Andrew Lloyd Webber and Tim

Rice received an award for best original song with "You Must Love Me", the one new number that the pair composed for the movie. And the star, Madonna, won her first Globe for best actress in a musical. Madonna, who became pregnant while making the film, said at Sunday night's ceremony: "I have been very favourably blessed this past year and I have much to be thankful for. Making this movie was an incredible adventure for me."

The Golden Globes launched Hollywood's awards season with a definite accent on films made abroad. Geoffrey Rush won best dramatic actor for the Australian film *Shine*. The Golden Globe for best foreign language film went to the Czech Republic's *Kolya*.

One of the biggest cheers of the night came when the best supporting actress award was won by the now veteran star, and widow of Humphrey Bogart, 72-year-old Lauren Bacall. Astonishingly, it was the first major award she had

won. Bacall, who played the possessive mother of Barbara Streisand in *The Mirror Has Two Faces*, waved her Golden Globe aloft to hoots of joy as the audience rose to its feet.

"I'm in a state of shock," she said. "This is the first time I've been nominated for an award in any role."

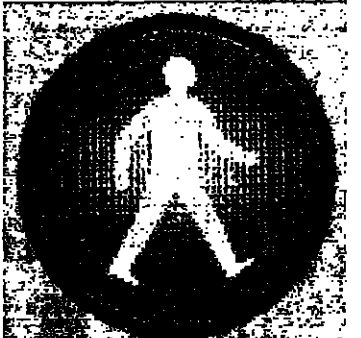
Dustin Hoffman received a lifetime achievement award, presented to him by his fellow actor Tom Cruise, who himself picked up a statuette for best comedy actor in *Jerry Maguire*.



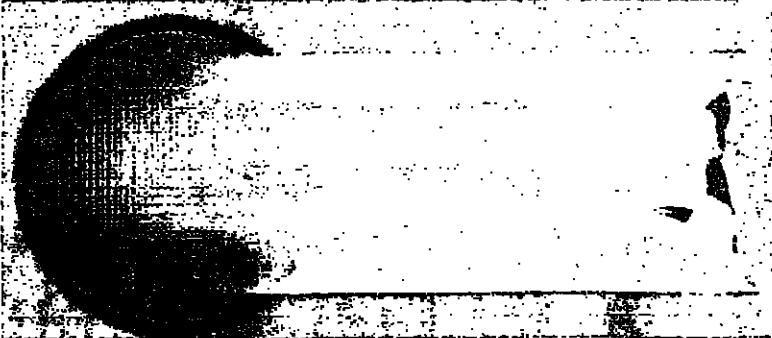
Alan Rickman: Best mini-series actor for *Rasputin*



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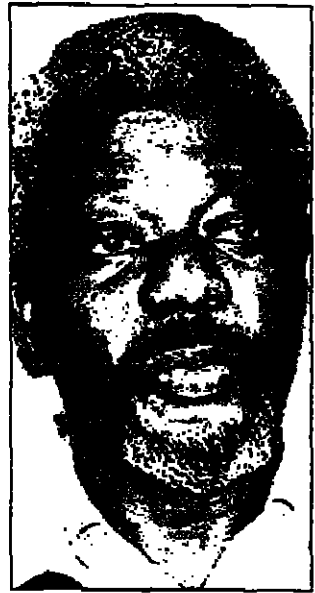
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international

Europe urges Annan to reform the UN

David Usborne
New York

The European Union is to urge the new Secretary General of the United Nations, Kofi Annan, to take swift and aggressive steps to overhaul the organisation's sprawling web of departments, agencies and specialised funds, if necessary merging some with each other and eliminating others altogether.

The proposals, that have emerged from months of debate between EU governments most recently at foreign minister level, are contained in a 25-page memorandum obtained by *The Independent*. The document will be presented today to Maurice Strong, the Canadian industrialist who was appointed by Mr Annan at the weekend to

bring together an overall reform package.

While the memorandum, which is still classified, is far-reaching in its suggestions for change, it contains repeated warnings that reform at the UN should not be equated with cutting the organisation's budget. The references are meant to put distance between the EU and those voices in the United States, most of them Republican, seeking to use the reform exercise to strip away UN resources. "The reform of the United Nations is not about cost-cutting," it insists.

In what promises to be a critical week, Mr Annan tomorrow begins a visit to Washington, where he will meet for the first time as Secretary General with President Bill Clinton and members of the Congress. Mr

Annan must try to persuade members of Congress of his commitment to reform while convincing them to release the more than \$1bn in late payments due the UN from the US.

Mr Annan hopes to have a complete package of reform proposals ready by the summer. Mr Strong, 67, who also acted as an adviser to the last Secretary General, Boutros Boutros-Ghali, will head a task force of advisers on reform. Its other members will include Gustave Speth, the head of the United Nations Development Programme (UNDP), who last year caused controversy by asking that all UN development and humanitarian bodies be streamlined grouped under his own.

The EU document, which is restricted to addressing UN social and development activities, notably borrows heavily from the controversial Speth proposals.

Where the need for rationalisation is clear, the paper said, the "Union considers that funds and programmes so assessed could be merged... the assessment should extend to all funds and programmes".

In a nod to Mr Speth's allusion to a new umbrella role for his agency, the paper adds: "While fully open to dialogue on best ways forward in this respect, the EU considers that the UNDP could provide a focus for enhanced co-ordination in this area".

Both Mr Speth and Mr Strong have voiced on the record their support for closing down some of the less obviously useful UN agencies such as the UN Industrial Development

Organisation in Vienna (from which Britain has just withdrawn) and the UN Conference on Trade and Development.

The EU also calls for the creation of a new Under-Secretary General who would take overall responsibility for all UN social and development activities. This person would act as Executive Secretary to the Economic and Social Council, the overarching committee of all UN members that oversees all development matters and which would itself be radically streamlined and pared down.

The EU would also like to see the establishment of a single UN headquarters in each country where the UN is represented. At the head of each would be a single UN representative, responsible for co-ordinating all UN efforts in that country.

significant shorts

Yeltsin due to move home to recuperate

Boris Yeltsin was last night due to leave hospital and move to his residence outside Moscow where he will continue to recuperate from double pneumonia, his spokesman, Sergei Yastzhenbelsky, said. But he declined to say when the President, who was admitted 13 days ago, would resume work in the Kremlin.

Although Mr Yeltsin's doctors have made clear he needs three weeks to return to health, Mr Yastzhenbelsky said he may "possibly" go ahead with a trip to The Hague on 4 February after meeting the French President, Jacques Chirac. *Phil Reeves - Moscow*

Mexicans flock to 'Bright Star' wedding

With thousands of fans crowding outside, millions watching on television and blessings from the Pope himself, Mexico's most popular stars got married in one of the country's biggest weddings ever. Archbishop Norberto Rivera Carrera - the Roman Catholic primate of Mexico - officiated at the nuptials of Lucero, an actress-singer known by her first name, which means "Bright Star," and the singer-actor Mamel Mijares. *AP - Mexico City*

Coups trial opens

The trial over the killing of Bangladesh independence leader Sheikh Mujibur Rahman opened, more than 21 years after his death in an army coup. Lawyers said six of the 25 people accused of involvement in the killing of Mujib appeared in court, including three ex-army officers. In all 32 people, including Mujib, his wife and three sons were killed on 15 August 1975, in the country's first army revolt. *Reuters - Dhaka*

Mudslide kills family of four

A waterfront house in Washington state with a view of Seattle's skyline was pushed into Puget Sound by a mudslide, killing a family of four. The mudslide slammed into the back of the three-story house. Melting snow from storms late last month and last week's steady rain have saturated area hillsides on the island west of Seattle. *AP - Bainbridge Island, Washington*

Abortion clinic bombed

Two bomb explosions rocked an abortion clinic in Tulsa, Oklahoma on Sunday. Just three days after six people were injured in a similar attack on a clinic in Atlanta, Georgia. The two bombs exploded seconds apart just outside the Reproductive Services of Tulsa clinic. *Reuters - Tulsa*

Berlusconi judge quits

The year-old corruption trial of Italy's former prime minister, Silvio Berlusconi, was thrown into disarray when the presiding judge stepped down in a row over allegations of bias. The decision by judge Carlo Crivelli meant the trial in Milan, at which Mr Berlusconi and 10 others are charged with complicity in corruption, might have to restart from scratch. *Reuters - Rome*

Lover's reptile revenge

A jilted Indonesian woman released six cobras in a crowded karaoke bar in central Jakarta to teach her former boyfriend, who worked there, a lesson. The woman accused her former lover, identified only as Tu, of having an affair with a colleague, said Indonesia's news agency. The woman and the cobras were taken into police custody. *Reuters - Jakarta*

Solana silent on Nato talks

A silent Javier Solana, Secretary-General of Nato, flew out of Moscow last night after five hours of negotiations with Russia's Foreign Minister, Yevgeny Primakov, over the alliance's plans to expand eastwards. Talks were held in a secret location outside Moscow. Mr Solana left Russia without comment, while the Kremlin said the talks were merely a "prologue". In an effort to soothe Russian opposition to the alliance's planned expansion, Nato is believed to be offering a consultative role to Moscow over security and arms control issues, as well as more economic assistance. *Phil Reeves - Moscow*

Megawati blocked

Officials blocked Indonesia's pro-democracy leader from running for re-election to parliament, issuing a final list of candidates for voting in May that excludes Megawati Sukarnoputri and her supporters. The list of candidates approved by election officials includes four of President Suharto's children, his half-brother, a daughter-in-law and a cousin. Ms Megawati's removal as leader of an opposition party last year led to anti-government rioting. *AP - Jakarta*

New spy body for Japan

Japan launched its biggest spy agency, a unified military group, ending decades of fragmented intelligence gathering and reliance on information from Washington. The Defence Intelligence Headquarters (DIH) brings under one umbrella group the five separate intelligence units of the army, navy, air force, the Defence Agency (ministry) and the Japan Military Joint Staff Council. The 1,600 DIH staff will dwarf the 300-member Cabinet Research Information Bureau, the government's top intelligence agency at present. *Reuters - Tokyo*

Latvian PM resigns

The Latvian Prime Minister Andris Skle announced he was resigning, saying it was impossible to stay in office after other officials and legislators questioned his honesty. Mr Skle acted after questions were raised about his actions in choosing a finance minister. *AP - Riga*

Serbian court suspends judgment on poll outcome

Mark Heinrich
Reuters

Belgrade — A Serbian court yesterday suspended an electoral commission ruling that President Slobodan Milosevic's Socialist party had lost Belgrade municipal elections to an opposition coalition two months ago.

The municipal court president Dragoljub Jankovic, clarifying the effect of appeals against the electoral panel's decision, said it was put on ice pending a ruling by the Supreme Court on which court should decide the volatile issue.

The opposition Zajedno (Together) coalition has staged nine weeks of street protests against the annulment of its victories in countrywide municipal

elections, generating pressure in the West for democratic reform in Serbia.

Analysts said the Socialist-influenced municipal court may have been browbeaten by party bosses into passing the buck to higher legal organs under no deadline for a ruling, giving hardliners more time for counter-moves.

Zajedno fears a new outbreak of political violence in Serbia's Albanian-majority province of Kosovo could allow Mr Milosevic to divert attention from the election crisis and build a case for emergency measures to quell any dissent.

Belgrade's multi-party electoral commission reinstated Zajedno's triumph in the capital a week ago but said its judg-

ment was preliminary and open to appeals.

Jankovic said two appeals were submitted — one by the Socialists (SPS) and the other by the rightist Serbian Radical Party (SRP), which is not in the government but opposes Serbia's moderate opposition bloc.

"The decision of the electoral commission is suspended until the Supreme Court decides [which court should rule on the matter]," Mr Jankovic said.

He said the Supreme Court had no deadline for a ruling. Officials in Nis, Serbia's second city, declared a Zajedno victory last week. The SPS lodged an appeal but it was thrown out by Nis municipal court. Zajedno plans to convene the new regional assembly on 27 January.

Clinton basks in party for a nation

John Carlin
Washington

Earnest, adolescent, high-minded, tacky, commercial, ambitious, fabulously diverse and, above all, big, the festivities yesterday to mark Washington's four-yearly pageant, the presidential inauguration, achieved their objective — to capture the spirit of America.

From the steps of the historic Capitol, a Washington school choir sang a song of love for America, celebrating the mountains, the prairies and the oceans, the freedom, the peace and the harmony.

The vast crowds looked uplifted, rapt, but a confused foreign visitor could have been forgiven for imagining he had stumbled onto the set of a Coca-Cola commercial. The event was a coronation, United States-style — suns, ermine, sceptres and crowns, but teenage baton-twirlers, chocolate-box marching bands and Disney parade floats aplenty.

The official inaugural theme, picking up on President Bill Clinton's favourite election campaign slogan, was "An American Journey: Building a bridge to the 21st century". The purpose of the floats was to describe that journey, recount the history of the world's most successful nation through images on wheels.

A plaster of Paris revolutionary soldier beating a drum led the way ahead of a giant plaster of Paris scroll bearing the opening words of the US constitution ("We, the people...") in 18th-century script. Then a plaster of Paris eagle and then, the *pièce de résistance*, a cartoon train covered in red and blue furry synthetic carpeting, closely followed by a stagecoach set in a landscape of polystyrene cacti and papier mâché rocks.

As the present day loomed, the images become appropriately eclectic. One float bore on its prow the wings of the Kitty Hawk, on the prow a windmill, at the stern a transparent plastic bag filled with red confetti marked "blood plasma". Then a rocket trailing spray-painted cotton wool, two computer screens inside a cage adorned like a greenhouse and, perched on a parapet, a plaster of Paris man with ear muffs aiming a black pistol in the general direction of a glittering gold Statue of Liberty.

The human element in the parade, viewed by President Clinton from inside a bullet-proof capsule in front of the White House, bore testimony to America's mad, magnificent variety. The US Marine Corps band and Com-



Dream team: Bill and Hillary Clinton embrace after the president was sworn in to office for his second term

Photograph: Reuters

pany C. 8th Tank Battalion of Tallahassee, Florida, marched in fearsome lock-step ahead of a giant phalanx that included the Borrows Eskimo Dance Group, the Hub City Dancers, the Church of Jesus Christ of Latter-Day Saints Covered Wagon, the James Madison University Marching "Royal Dukes", the Wildcat Wranglers, Mahina and the Polynesians, Bill the Mule, the Rasputin Mule Farm and Los Changuitos Fcos de Tucson, which

means the "Ugly Little Lads of Tucson".

The cheerfully uncritical crowds lining Pennsylvania Avenue chomped hot dogs, waved little US flags, sported inaugural souvenir T-shirts and shot envious glances — for it was a long day — at the privileged few who had purchased road-side seats, price \$10 to \$100 a ticket.

A small bunch of anti-abortion protesters struck the big day's one dis-

cordant note. They lined a stretch 50 yards long of Pennsylvania Avenue, holding aloft large placards bearing photographs of bloody, hideously dismembered foetuses.

Otherwise, the mood was resolutely cheerful. Mr Clinton, sucking in the pomp and the adulation, was king for the day and even the congressional Republicans, at a time when US politics is defined by *ad hominem* squabbles, called a truce.

Today hostilities will resume, sincere as Mr Clinton's appeal was in his speech for an end to bipartisan bickering. But yesterday was US family day in Washington as the hundreds of thousands of revelling patriots on the Mall and the millions watching on television glowed with pride, thankful for the reminder that the US enters the 21st century unchallenged as the mightiest, richest, most innocently optimistic nation on earth.

Britain backs US plan for global ban on landmines

Tony Barber
Europe Editor

The United States launched an initiative yesterday to secure a world-wide ban on landmines, which, according to humanitarian organisations, kill or maim about 25,000 people a year.

The Government said it supported the US proposal, which was made public only days after the Princess of Wales came under fire from Tory politicians for denouncing landmines as "hideous weapons" during a visit to Angola on behalf of the British Red Cross.

The Government, perhaps sensing public support for the princess's remarks, quickly distanced itself from the criticism of her and made clear that it ad-

vocated a ban on most anti-personnel mines. Government officials point out that Britain has not manufactured such mines for years and that China and Russia are the world's largest producers and exporters of landmines.

The Clinton administration put forward its initiative at the United Nations-sponsored Conference on Disarmament in Geneva, but without much expectation that it would achieve rapid results. Diplomats said the 61-nation conference was likely to get bogged down in the next few weeks over the demands of non-aligned and developing countries for total nuclear disarmament before there was any progress on landmines.

However, the US approach, which is supported by France as well as Britain, may produce results in the longer term. This is because Russia and China, whose support would be essential to the effectiveness of a world-wide ban, have indicated that they are at least prepared to discuss the issue in Geneva.

US officials said it made more sense to push for a landmines ban at a conference where the Russians and Chinese were taking part. The US ban would cover mines designed to kill or injure people, but would exclude anti-tank mines.

The International Committee of the Red Cross, one of several humanitarian groups pressing for a world-wide ban, estimates there are more than 100 million landmines in 64 countries.

Mark Heinrich
Reuters

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obituaries / gazette

Neville Crump

Neville Crump's abilities as a trainer secured him two National Hunt trainers' championships, three Grand Nationals, five Scottish Nationals and a hat-trick of Whitbread Gold Cups, establishing him as one of the leading post-war trainers.

But it was not just his role as a master trainer of high-class staying chasers that helped him make such an impact on the racing scene: ribald humour and unswerving loyalty to those he employed were other trademarks.

The most famous tale about him concerns the time he was asked directions from his base at Middleham, North Yorkshire, to nearby Leyburn by a group of Japanese tourists. There is no polite way of recounting Crump's reply to such a simple request. Legend has it he told them: "You found your fucking way to Leyburn, did you? You can find your own fucking way to Leyburn."

Then there was the time Crump was asked if a certain elderly member of the aristocracy would make a suitable racecourse steward. Once again Crump's reply took no hostages. "Oh, he'd be perfect," Crump said. "He's deaf, he's blind and he knows fuck all about racing."

Such a response would make Crump appear to be one of the

most hostile, unapproachable men ever to set foot on a racecourse. Those who knew him best have always insisted that was not so.

Gerry Scott, the man who started last year's Grand National, rode as stable jockey to Crump - and partnered his third of three Grand National winners, Merryman, in 1960. Only 12 days before the race Scott broke his collarbone in a racecourse fall. Few trainers would have allowed a jockey to have ridden in a race as prestigious as the National burdened by a major question mark over his fitness. Crump did, just as he had allowed Scott successfully to partner Springbok in the previous year's Hennessy Gold Cup at Newbury with his wrist in plaster.

Scott has spoken of Crump being "more like a father" to him than a retaining trainer. The loyalty the older man showed to his jockey can be measured by the fact that Scott had visited Crump three times a week since his hospitalisation two years ago. Crump's other jockeys during his long training career, Arthur Thompson, Johnny East, Pat Buckley, and Colin Hawkins, were treated with the same loyalty.

Having first taken out a licence in 1937 - he retired only



Crump: humour and loyalty

in 1989 - Crump was champion trainer twice, in the 1951/52 and 1956/57 seasons, and in winning all the major staying chases in the calendar bar the Cheltenham Gold Cup, helped establish Middleham as a major training centre, one to rival the southern-based stronghold of Lambourn. As well as his trio of Aintree triumphs, he also won five Scottish Grand Nationals and two runnings of the Welsh equivalent.

Crump inherited his affinity for horses from his father Charles, who was a rancher in Australia before becoming a master of foxhounds in England.

Crump junior was educated at Marlborough and Balliol College, Oxford, before serving in the 4th Hussars, which led to a spell as riding instructor. After leaving that regiment, he acted as assistant trainer to Sonny Hall before setting up his own small yard on Salisbury Plain.

He returned to the army on the outbreak of the Second World War, which saw him posted to North Yorkshire after serving in the Middle East. After that he trained briefly in County Durham before beginning his long, successful link with Middleham.

It was 10 years after first taking out a trainer's licence that Crump made his first major impact on jump racing thanks to the Grand National victory of Sheila's Cottage, a temperamental mare who Crump nonetheless had huge affection for. She began Crump's National sequence with a one-length win over First of the Dandies at odds of 50-1.

That victory saw Crump become a "fashionable" name, and his string quickly expanded from around six horses to nearly 30. Sheila's Cottage's success was followed a year later by the first of his quintet of Scottish National wins with Wot No Sun, a horse who was also twice placed at Aintree.

While some trainers wait a lifetime for Grand National success, only four years separated Crump's first and second triumphs, this time with Teal, whose stablemate Wot No Sun was third for good measure.

The first televised coverage of the National coincided with Crump's third win, with Meryman's runaway 15-length success. It was the last National before the formidable fences were modified.

That hat-trick of National wins - only Fred Rimell trained more winners of the big spectacular - was undoubtedly the highlight of Crump's training career, but he also achieved a notable trio of wins in the Whitbread Gold Cup with Much Obligated, Hoodwinked, and Dormant.

He was 72 years old when he won his fifth Scottish National with Cauton. His fourth Scottish National win had come three years earlier with Salfield in the same season that he won his second Welsh National with Narvik.

Richard Griffiths

Neville Franklin Crump, racehorse trainer: born Beckenham, Kent 27 December 1910; married Sylvia Bradley (died 1992; one daughter); died Scotch Corner, North Yorkshire 18 January 1997.

Martin Redmond

Martin Redmond never reached the height of office or the length of service achieved by an earlier Don Valley MP, Tom Williams, a notable Minister of Agriculture, but he was his logical successor as a man entering the House straight from the coal industry and the National Union of Mineworkers, a man with the deepest of local roots. That pattern may now and for ever be broken but it was good for Britain that it existed. Parliament and local government need awkward, shrewd, kind and honest men. Redmond could be a one-man awkward squad when he chose.

The deep mines around Doncaster were sunk around the turn of the century and they required a large labour force. People were drawn there from all over Britain. Among them were numbers of Irishmen, including Redmond's family.

He was born in Scawby, near Doncaster, in 1937 but moved as a boy to Adwick-le-Street and left school at 15, destined for the mine. However, like many young men from the coalfield, he volunteered for the army, becoming a superb driver and a junior NCO before returning to work in the coal industry, where he became active as a union member.

He served as a member of Doncaster Urban District Council before local government reorganisation in 1974, and was elected to Doncaster Metropolitan Borough Council in 1975. He soon became prominent there; he could not

have been outshone. A tall, well-built man with an eye for style, his neatly trimmed beard made him look like a cross between Henry VIII and Edward VII. This contributed to his popularity and even though much of his industrial service was as a foreman/driver for the National Coal Board, he held the allegiance of the miners in the Doncaster area of the NUM, perhaps the most left-wing of the four Yorkshire areas of those days.

However, whilst Redmond was of the left he was his own man, always possessed of a sense of the practical. As a councillor he gave strong support to the leader of the council, Jim MacFarlane; and when MacFarlane died very suddenly in 1982, Redmond took over. In those days, before the dramatic government budget cuts, Doncaster Council was able to achieve a great deal to improve local conditions. Earlier, as a young teacher, I had taught boys from Denaby Main mining community, boys also destined for the pit, who lived in the crowded streets from which their grandfathers had been evicted in the strikes of the early years of this century. During Redmond's tenure on Doncaster Council, the Denaby Main area was transformed - evidence of his commitment and of his practical approach to council work.

Redmond entered the Commons as Labour MP for Don Valley in 1983. Many members of parliament have local gov-

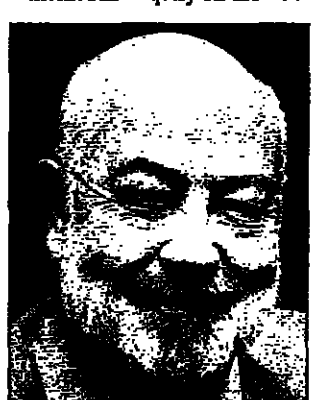
ernment experience, relatively few of such substantial character. Redmond made his maiden speech on the Housing and Building Control Bill in 1983 and a second on the Coal Industry later that year but he was not at ease. His third speech, which gave him greater assurance, came about when one of my former students, a striking miner, and one of Redmond's constituents, told me about a prosecution for obstruction which he faced. The prosecution claimed that he had committed serious crimes, including armed robbery, a few years earlier; but on a date when he had actually been abroad on a package holiday. I had a constituent who had had a similar experience and I told Redmond he would either have to take part in the debate I secured in July 1984, or at least intervene in my speech. He decided to speak. Energy, commitment and indignation were gathered. A Conservative member sat down after a trite, rather patronising speech. Redmond's began in a brutally explosive way. His confidence developed, and from then on he frequently, if softly, put forward a penetrating point.

In 1987 Redmond was elected to the Council of Europe and quickly gained esteem; he made it clear that he was not just a jovial Englishman. He was appointed a member of the Budget and Environment committees, and a rapporteur, concerned with the computerisation of the Parliamentary Assembly of the Council of

Europe (1993-94). Unfortunately health problems developed and he had to withdraw from this role in the early 1990s, subsequently staying at his home close to Doncaster, and coming to the House only when it was politically imperative. But his interest was unabated and he maintained a heavy flow of written questions and Early Day Motions; some were very serious but others seemed rather cryptic or occasionally comical in intention.

Redmond had not planned to retire at the approaching election but at last he had to announce that intention. His attachment to his constituency remained enormous even during severe illness. He reacted ferociously to the Boundary Commission proposal to take away part of his patch.

One delightful moment came when some of Redmond's constituents had been arrested in Athens. His enquiry on their be-



Redmond: rumbustious

half produced a reply - in Greek. Redmond immediately went in hot pursuit of his Labour colleague Eddie O'Hara, a former classics master, and required him to provide an immediate translation. There followed a most rumbustious representation and Redmond's constituents came home.

He was critical of some police forces during the miners' strike but subsequently, in the early 1990s, he completed an attachment with the police to find out more about their work. His ambition then, as he went out on motorway patrols, was to join in the apprehension of speeding parliamentarians regardless of friendship or political persuasion. My wife usually drove instead of me when he was on patrol.

Martin Redmond never married. It is doubtful if his union and political commitments gave time for much private life. But he loved children, even if he never ever assisted parental authority. One of my sons, who occasionally cleaned Martin's car, regarded him as a summer Santa Claus, for the payments he received were utterly inflationary.

Peter Hardy

Martin Redmond, politician: born Scawby, South Yorkshire 15 August 1937; Member Doncaster Borough Council 1975-83; Chairman of Labour Group and Leader of Council 1982-83; MP (Labour) for Don Valley 1983-97; died 20 January 1997.

Ian Smith

Whenever I saw broadcaster Ian Smith I recalled to myself an incident I had witnessed during our schooldays at about 9.30pm on 22 November 1963. He appeared at the top of the King Alfred House steps at King's College in Taunton and quietly said: "President Kennedy has been assassinated."

He was then as calm and believable as he was to be later as a broadcaster and BBC television newsreader. At school as one of the very small group of senior prefects, he was an imposing and slightly detached figure.

But he could be roused and when the school's Sheldon Society allowed a white South African student to give an address in support of apartheid it was immediately made known that I.P.L. Smith would be boycotting the meeting.

This was an interesting stand because a year after Smith left school his namesake in Southern Rhodesia made his illegal declaration of independence and young Ian Smith was soon in that country reporting on the struggle against racial discrimination. Indeed, television view-

ers saw Ian Smith interviewing Sir Ian Smith.

Smith joined BBC radio in his home city of Bristol after a year at York University where he allowed extra-curricular activity to dominate his life after the restrictions of school days. He moved into television at Plymouth, where he presented the regional news programme, and later in London became a news reporter on BBC's *Newsnight*.

Working on *Newsnight* and *Panorama* he covered a wide range of subjects from North-

ern Ireland and the miners' strike to salmon poaching. Presenting *Newsnight* he once memorably adapted the weather forecast script by promising "what my grandmother used to call a perfect drying day".

He was also a veteran of the Cod War, having reported from a destroyer off Iceland, and a regular member of the BBC's party conferences team. His success as a journalist may have been helped by his ability to listen to interviewees. Many colleagues in the media confess to his patience when listening to

them and the helpful advice given on personal matters.

Whilst he was a good reporter he wanted to be an even better skier. A person of tremendous energy, he discovered the sport in the 1970s having been an impressive tennis and squash player.

So concerned was he about his health that he once rang his physiotherapist in England from the slopes and exercised in the call box whilst listening to the instructions. He would take up to three skiing holidays a year on unpaid leave and the

obsession eventually caused him to leave the BBC for a job working with Will Hutton on a Swiss business channel which offered the chance to ski by day and work by night.

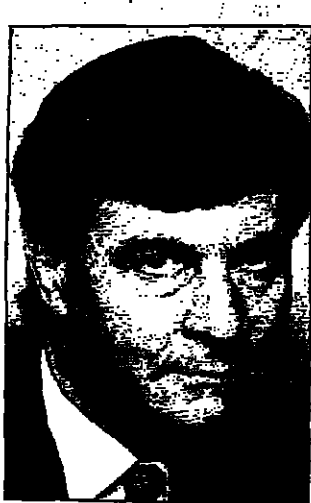
When the job ended he returned to London to work as a freelance both with the BBC and as a teacher of television skills. But this was also to be short lived for in 1992 he slipped whilst going over a glacier in the Alps and hit his head on ice. He was in hospital with brain damage for the rest of his life never returning to

either the family home in Wales nor his own Chiswick home handy for the BBC Television Centre.

During the past five years, when he could only glance at newspaper headlines, the friendship he offered in his happy working days was maintained by busy colleagues who continued to visit him.

Leigh Hatts

Ian Peter Leslie Smith, television journalist: born Bristol 3 May 1944; died London 6 January 1997.



Smith: ability to listen

Change in factual basis of case must be disclosed

LAW REPORT

21 January 1997

Vernon v Bosley; Court of Appeal (Lord Justice Stuart-Smith, Lord Justice Evans, Lord Justice Thorpe) 13 December 1996

Where the material facts on which a civil action had been based were known by the plaintiff to have altered, he was under a duty to disclose the fact to the defendant and the judge.

The Court of Appeal by a majority (Lord Justice Evans dissenting) allowed an appeal by the defendant, Katherine Sarah Bosley, and reduced from £1,332,231.59 to £541,493.70 the damages awarded by Mr Justice Sedley on 30 January 1995 to the plaintiff, Peter Frazier Vernon.

Dermot O'Brien QC and Daniel Pearce-Higgins (Howard Palmer Grossman Hermer & Partners) for the defendant; David Blunt QC and Jonathan Marks QC (Osborne Clarke, Bristol) for the plaintiff; Diana Cotton QC (Treasury Solicitor) amicus curiae.

Lord Justice Stuart-Smith said the plaintiff's claim was in re-

spect of nervous shock or psychiatric injury suffered by him after witnessing the death of two daughters in a car accident. The defendant did not deny negligence but disputed that the plaintiff suffered post-traumatic stress disorder, as opposed to an extreme grief reaction, and argued that his subsequent psychological problems had other causes.

The appeal court had already handed down draft judgments reducing the judge's award but no final order had been drawn up when, on 17 April 1996, Mr O'Brien received from an anonymous sender copies of a judgment given by Judge McNought in Gloucester County Court on 6 January 1995 in proceedings between the plaintiff and his wife relating to their children, and a judgment of the Court of Appeal on 4 July 1995 affirming his decision. These judgments revealed that the evidence before the fami-

ly court had been that the plaintiff's psychiatric health had dramatically improved and he was substantially if not fully recovered.

The defendant applied for, and was granted, a rehearing of the appeal against Mr Justice Sedley's judgment. Further evidence was admitted as to the plaintiff's mental condition at the time that judgment was given. Their Lordships concluded that the plaintiff had made a substantial recovery and that evidence of that recovery should have been disclosed to the defendant's advisers before Mr Justice Sedley gave judgment.

It was the duty of every litigant not to mislead the court or his opponent, not just by giving evidence known to be untrue, but also by leading the court to believe a certain state of affairs, once believed to be true, but now no longer so. That duty continued until

the judge had given judgment. The plaintiff's case had been argued before Mr Justice Sedley on the basis of evidence which the plaintiff knew at the time, and his legal advisers knew shortly afterwards, did not represent the true position. Unless the altered position was communicated to the judge there was a risk that he would give judgment on a basis that was no longer true, and that was what happened here.

Mr Blunt sought to rely on the difference between actively misleading and passively standing by and watching the court being misled. The classic example of the distinction was where a barrister knew his client had previous convictions but the court and prosecution did not; he was not obliged to disclose the convictions but he must not suggest his client was a man of good character. Similarly, neither the litigant nor his lawyers in a civil case

were bound to call witnesses whose evidence did not support their case.

But where the case had been conducted on the basis of certain material facts which were an essential part of the case, in this case the plaintiff's condition at the time of the trial and the prognosis, which were discovered before judgment to be significantly different, the court was being misled, not by the defendant's failure to put before it material of which she could or should have been aware, but by the plaintiff's and his advisers' failure to correct an incorrect appreciation which the court would otherwise have.

His Lordship accepted that the plaintiff's counsel had not deliberately intended to deceive the court. But they made a serious error of judgment in failing to advise him of the need to disclose. By the time the case came before the appeal court, they should have appreciated that they could no longer seek to uphold the judgment.

Paul Magrath, Barrister

Births, Marriages & Deaths

DEATHS

MORGANE Peacefully, on 17 January, Dr Michael (former child psychiatrist at Neville Hall Hospital, Aberystwyth), Funeral Thursday 23 January, service at Coston Church, near Penbroke, at 12 noon. Donations in lieu for the Macmillan Ward, First Penbroke Hospital, may be sent to the Funeral Directors, E.C. Thomas & Son, 34 Clarence Street, Penbroke Dock, South Wales.

Announcements for Gazette BIRTHS, MARRIAGES & DEATHS may be telephoned to 0171-293 2011 (24-hour answering machine 0171-293 2012) or faxed to 0171-293 2010, and are charged at £6.50 a line (VAT extra).

ROYAL ENGAGEMENTS

The Princess Royal, President of the Royal Society, will visit the United Kingdom in 1997. The Queen's Life Guard at Windsor, 11th Nov. 1996. The Queen's Life Guard at Windsor, 11th Nov. 1996. The Queen's Life Guard at Windsor, 11th Nov. 1996.

Forthcoming marriages

Mr R.A. Norris and Miss R.F. Bain. The engagement is announced between Paul, eldest son of Dr and Mrs David Norris, of Bristol, and Rosemary, only daughter of Mr and Mrs Nigel Bain, of Great Gaddesdon, Hertfordshire.

Birthdays

Dr Alan Borg, Director, Victoria and Albert Museum, 55; Dr John Burnett, former Principal, Edinburgh University, 75; Dr David Carey, joint Registrar, Faculty Office, Archbishop of Canterbury, 80; Lord Caylor, former chairman, Caledonian Investments, 87; The Rev John Coverdale, former Master, St Edmund's House, Cambridge, 82; Mr John Denison, former general manager, Royal Festival Hall, 86; Mr Placido Domingo, operatic tenor, 56; Mr George Foulkes MP, 55; Dr John Hayes, former director, National Portrait Gallery, 68; Mr Kenneth Maginnis MP, 59; Sir George Humphrey Middleton, former diplomat, 87; Mr Jack Nicklaus, golfer, 57; Sir Nicholas Phillips, High Court judge, 59; Miss Susan Reid, director, Scottish Arts Council, 47; Mr Paul Scott, actor, 75; Mr Martin Shaw, actor, 52; Mr Anthony Singer, former Deputy Director-General, BBC, 70; Rear-Admiral Sir Richard Towbridge, 77; Mr Laurence Whistler,

glass-engraver and writer, 85; Mr Norman Willis, former general secretary of the TUC, 64.

Anniversaries

BIRTHS: Thomas Jonathan ("Snowball") Jackson, Confederate general, 1824; Cecil de Balcanquhall, couturier, 1895; Christian Dior, house couturier, 1905; Henry Hill (Alfred Hawthorn Hill), comedian, 1924; Deaths: Achim von Arnim (Karl Joachim Friedrich Ludwig von Arnim), folklorist, playwright and poet, 1831; Lenin (Vladimir Ilyich Ulyanov), Russian leader, 1924; Lytton Giles Strachey, biographer and critic, 1952; George Orwell (Eric Arthur Blair), novelist, 1950; Cecil Blount de Mille, film director, 1959; Marie Lohr, actress, 1975. On this day: the *Daily News*, the newspaper edited by Charles Dickens, was first issued, 1846; taxi-cabs were first officially recognised in Britain, 1907; Edward VIII was proclaimed king, 1936; Today is the Feast Day of St Agnes, St Alban or Bartholomew, St Epiphanius of Pavia, St Fructuosus of Tarragona, St Meinrad and St Patroclus of Troyes.

Lectures

National Gallery: Colin Wiggins. "Nymphs and Shepherds (iii): Constable, 19m. Tate Gallery: David Mellor. "A Private View: Ted Power and his Collection", 1pm.

Old targets to test the mettle of new Labour

Everyone thinks Gordon Brown's tax and spending bombshell yesterday was shaped merely to win the coming election. Wrong. It is of course true that Gordon Brown's promises – sticking to existing Conservative spending budgets for two years, no increase in the basic rate of income tax or a new top rate for all five years of the parliament – are likely to improve Labour's chances of winning this year, so long as the electorate believe him. But they are far more important for the election beyond, five years from now, and for Labour's chances of ever winning any subsequent election again.

Our cautious support for Gordon Brown's proposals is not based on the view that income tax should never go up, nor on the belief that the Government's present spending plans are perfect in every way. Far from it. Actually there is a strong case for more progressive taxation, including higher and over income tax rates. And, though the state does not need to expand inexorably, it is possible to be persuaded that certain public services need more investment. In spite of all that, it is still right for the Labour Party, right now, to commit itself to no overall increase in tax and spending.

Labour is boxed in by its poor record. No one associates Labour

with hauling back borrowing, bringing tax down, and reducing spending. In consequence, voters rarely take what Labour politicians say about tax and spending at face value. Everyone suspects that the old heart of old Labour still beats, and that the party's activist instincts, when staff and services are under strain, will be to cry out for more money as the obvious answer. Tony Blair and Gordon Brown fight these traditional instincts, but we know that they are having to fight them, and therefore they are still there.

Even Blair loyalists can't help themselves. Glenda Jackson made a terrific fuss this month about under-investment in London's Tube network. David Clark attacked government cuts in defence only yesterday. Yet the Government was absolutely right to start cutting defence spending; the MoD should be high on Labour's list for a spending review if it wins the election. Can't Labour politicians understand that lower spending (maybe, even, privatising services like underground commuter trains) is an important part of distributing social resources justly?

Until they do, until "new" Labour can prove that it can make balanced and fully informed decisions about spending while in power, rather than following more profligate instincts, voters will not trust the party's much-



One Canada Square Canary Wharf London E14 5DL
Telephone 0171-293 2000 / 0171-345 2000 Fax 0171-293 2435 / 0171-345 2435

vaunted change. Nor will anyone be willing to fork out in higher taxes when and if a genuine and demonstrable need arises.

So Gordon Brown is right. A new Labour government should plan to spend two years getting to grips with existing budgets, and working out how best to spend them (a good principle anyway, after 18 years in opposition). Two years of austerity and prudence might set the public sector unions screaming, but it would do wonders for the credibility of a Labour health minister finally requesting extra cash, with the full

facts at his fingertips. And who knows, during those months of management, many Labour MPs may discover to their surprise that all kinds of radical and creative things are possible without demanding additional cash.

The same is true for taxes. When Labour politicians talk about raising taxes on the rich, again, no one takes their words at face value. For most voters, any Labour talk of tax changes is likely to bring the two words "thin" and "wedge" into close proximity. Labour has to prove in power that it does not want to tax the rich out of

envy, and everyone else out of puritanical zeal, before it can build a consensus for a more redistributive tax system. And if that means ruling out major income tax changes for a parliament, so be it.

Smooth speeches from a shadow Chancellor are only the start of tackling Labour's credibility deficit. The party will have to prove in government that it can actually put Gordon Brown's promises into practice. Swanning into Whitehall the day after the election, then throwing up their hands in horror and clucking, "We've seen the books, it is much, much worse than we thought," simply will not wash. Of course Labour politicians do not know all the details of the public finances. In truth, though, they know most of it, and, most importantly, they know what they don't know, and therefore what they should not make promises about.

Brown and Blair have taken a risk by belting themselves in so tightly. Sticking to the control total for 1998/99 will not be easy for any government, Conservative or Labour. With so much to lose, they might come to wish they had given themselves more room to manoeuvre. But it is a good gamble, and a tough-minded one.

There are those who think Mr Blair will vindicate his reform of the party simply by winning an election. But vic-

tory itself is not enough. Labour will only prove itself to be truly "new" when it demonstrates that it can govern responsibly, stick to the promises it made the voters, and resist the temptation to indulge itself. Thereafter, maybe, voters will trust the party to redistribute wealth, and risk a new balance of spending. But not until then – and that probably means not until a second term.

Meanwhile, back on the terraces

On the subject of new Labour, which party does Tom Pendry think he belongs to? There is everything old Labour about calling for a return to standing-only football terraces. Of course many fans yearn to go back to the bad old days when they could sway back and forth in tribal ranks, spilling beer over their little cousins, straining hopelessly to see the game, and terrifying everyone else to death. But the single biggest reason for families returning to football is the arrival of all-seater stadiums. It is not just about Heyesl and Hillsborough, this demand for all-seater stands; it is about civilised environments encouraging civilised behaviour. It's a pity Mr Pendry does not get the point.

LETTERS TO THE EDITOR

Why we need European single taxes

Sr Sarah Helm's report (16 January) that France and Germany favour a common income tax and social security system co-extensive with membership of the proposed single currency, should be welcomed in Britain as the best European news in a long time. The present Maastricht fiscal overhang criteria and monetary relationships have by themselves a deflationary bias. The economies within the single currency least able to contain the upward creep of costs would suffer the worst employment/inflation trade-offs. These weaknesses would therefore bear the brunt of the costs of adaptation, in terms of unemployment and industrial stagnation.

The most enterprising of the unemployed will migrate from such regions, taking their savings with them. Local capital will similarly migrate, leaving a depressed, impoverished region in its wake.

A similar process occurred in southern Italy after the Risorgimento, and South Wales in the 1930s had a "balance of payments" deficit within the UK, owing to a local concentration of inefficient coal mines. Equilibrium in payments was restored by the downward crushing of average household incomes through a regional concentration of enforced redundancies.

An analogous threat was posed for Britain by the Maastricht arrangements as they stood. The plans revealed by Sarah Helm in principle provide a way out. Under a federal fiscal system, a member state suffering a structural balance-of-payments deficit, owing to uncompetitive firms, will experience an inflow of funds for unemployment benefits as workers are made redundant. If the federalist plans include European element in industrial investment incentives, national measures to stimulate revival will no longer be limited by the "national rate-capping" effect of the Maastricht 3 per cent budgetary deficit ceiling. On the contrary, such measures would attract matching supplementary funding from Brussels.

A fiscal federal system in Europe would provide automatic compensating flows of funds to regions or member states suffering deficit or de-industrialisation (the British case), and the European Union economy could thereby achieve real convergence in productivity between its regions.

The danger is that our wretched part political leaderships will not realise the opportunity presented to them by the Franco-German proposals until too late. CYRIL POHL
Hedley, Essex

Sir John Redwood ("Jobless in Leipzig, taxed in Liverpool", 17 January) may well be right about the logic of the process driving European Union: let the pound go tomorrow and next week your interest rates will be fixed in Frankfurt, your taxes set in Brussels and your social benefits system defined in Strasbourg. He is surely right that the well-off Londoner will be paying taxes which not only go to support the unemployed in Liverpool but to those of Leipzig as well. And in 10 years' time the Londoner's taxes will go to support the unemployed



Banana bonanza warms the heart

Sir: I think that your editorial misses the point about "Banana economics" (15 January). This isn't an initiative to be assessed by standard economic parameters.

Seven years ago I was driving with friends through New York City and got terribly lost, heading out of Manhattan by mistake across the tolled Newark Bridge. Attempts to turn the car round, or requests for help from other drivers, met with standard New York aggression and expletives, and our car was soon a collective nervous wreck.

As we came to the toll booth, without the correct change, I prepared for another round of robust New York "conversation". Instead, I was politely informed that "the lady ahead has paid your fare" and waved through with a smile. The gesture and spirit behind it immediately changed the atmosphere of our car (and a queue of others behind) and touched all of us.

The giving away of huge quantities of bananas, while making a small profit courtesy of Tesco, should not be assessed using life-cycle analysis techniques, as your editorial implies. Phil Calcott's gesture was much more about unconditional giving in a world dominated by "everything having its price" and an increasing fear of social interaction with strangers.

Also, what value do you place on fun?
STEWART T BOYLE
Rotherfield, East Sussex

Sir: Tesco's generosity over bananas ("Banana economics", 15 January) is not the only occasion on which it has made sacrifices for customers. Three years ago Tesco issued vouchers to students at Bristol University entitling them to 50p off sandwiches. This coincided with a half-price sandwich offer. For a week we were able to purchase egg-and-cress sandwiches at a price of approximately 5p. For us there was such a thing as a free lunch.
HELEN SIMPSON
Oxford

Give it the elbow

Sir: The advertisement for Ford cars on pages 14/15 of 16 January shows two young boys being swung off the ground at arms' length by an adult. This manoeuvre is potentially dangerous because of the risk of dislocation to joints in the arm. One can only speculate how many times these boys would have been subjected to this in order to get the desired "shot".

Every year many children suffer pulled elbows in this way, and it was irresponsible to print this. I wonder if you would have felt less comfortable showing two dogs being swung by their tails.
DR THOMAS J ULAHANNAN
MRCP
Oxford

Danger: learning

Sir: On the subject of homework for schoolchildren (leading article, 14 January; letters, 16 January), I was once teaching at a secondary modern school. The question of homework came up, and one boy said: "My dad don't agree with homework. He says you only set it so as we can learn more."
J T HUGHES
Orpington, Kent

textile workers of Lodz.

However, Mr Redwood's alliterative vein can run along the Paris-Bonn axis. The French taxpayer may accept having to pay taxes to support the unemployed of Rouen. Why should he want to do the same for the unemployed of Rostock? And why should he be happy when his taxes are distributed to Rostock by some people from Ravenna? Why should he be so different from his British counterpart?

Why are European countries so keen to join the single currency when the British arguments against it apply to them as well? This question is being carefully avoided in British debates about Europe. The closest thing to a British answer to it is to allege that the European political élites have conspired to stifle a debate in which doubts about Europe would be aired in public and it is only in Britain where such a debate is open. This is a bit rich when we consider the unwillingness of British politicians to engage in such a debate before an election.
WOJTEK RAPPAK
London SE4

Sir: So John Major finds it "very surprising" that Ford has decided to take production of the Escort abroad because it is easier to make British workers redundant ("Ford puts Liverpool on road to nowhere", 17 January). May I offer him an explanation? Britain, unlike Spain and Germany, has refused to sign up to the European Union Social Chapter. This makes our already depleted manufacturing base even more vulnerable.

Mr Major should wake up to the fact that most European manufacturing companies are just that – they operate on a European stage. Isolation will inevitably be to our detriment and flexibility will mean nothing if we have no industry to be flexible with.
MELISSA HAWKER
Fowlmere, Cambridgeshire

Tory betrayal of poor families

Sir: As a volunteer for Home-Start UK, I applaud Polly Toynbee's concern for families under stress ("Tory talk of family values covers another betrayal", 6 January). During the past year, with two paid part-timers and about 30 volunteers, we have supported 85 families which included 206 children, only to be faced yet again by cuts in our meagre core funding by the local council, which has little choice due to rate-capping.

Here is the human face of just one of these statistics: Imagine that you are a 26-year-old mother of three children under six years of age. Your husband is currently unemployed and frequently drowns his sorrows in drink. You were brought up in a residential home, are semi-literate, and though you want the best for your children, you have had so little real mothering that you are ignorant of what this entails. Your mother lives not 30 miles away but has yet to see your youngest child, since travelling by

bus would be too expensive and difficult. You live on a council estate plagued by vandalism and petty crime. You have sold the kitchen table and chairs for other essentials. Non-payment of the TV licence led to a fine, which you have attempted to pay off for the first six months, but having fallen behind, you are being threatened by court proceedings.

However, you are more concerned with the fact that your children are often ill, that there is not sufficient food in the house, no money till the end of the week and your six-year-old is constantly bed-wetting. For almost two years I visited this woman and her children weekly, along with another similar family, and I wonder if I played a part in her marriage surviving despite all the talk of divorce; whether she really would have been sent to prison had I not pleaded her case; did she and the children gain any real benefit from the outings, etc. It is impossible to quantify the support our unpaid volunteers give, but we rest easy at night. Do all our politicians?
EVE HOARE
Merton, Oxfordshire

Royal model?

Sir: It seems very odd of the Post Office to celebrate the Queen's Golden Wedding year with a set of stamps showing the six wives of Henry VIII.
PETER TAITON-BROWN
Seaton, Devon

Fear that drives teachers to quit

Sir: Public debate over the proposed changes in the teachers' superannuation scheme (article, 9 January; letters, 15 January) overlooks the most important aspect of the issue. Early retirement is in the gift of the employer, and employers allow it to save money.

Funding per student in higher education has fallen by 25 per cent over the past five years and is due to decline by another 15 per cent by the end of the decade. New universities spend between half and two-thirds of their income on staff. The only way they can achieve these levels of "efficiency gains" is by reducing staffing. The best way of doing this is by encouraging early retirement.

A similar situation applies in schools and further education colleges, where governing bodies confronted with reductions in income have to look to staffing as the only area where large-scale economies can be found. Since the introduction of local management, redeployment has ceased to be an option and early retirement is the only alternative to compulsory redundancy. There can be few in education who have not met an out-of-work teacher of mature years who cannot get another job because they are "too expensive".

The present rush to beat the March deadline is not due to staff seeking to join a gravy train. In many cases the over-fifties are

asking themselves: "Should I retire in March on a pension, or stay on and risk being made redundant and having to survive until I am 60 with no pension and no prospect of another job?"
W A GOLDSPIKE
Slough, Berkshire

Vacuum clue to asthma puzzle

Sir: Your article on wheezing disorders ("Moving house may pose asthma danger", 15 January) struck a chord.

As a qualified aircraft engineer I am naturally familiar with the phenomenon whereby air forced through a narrow gap increases its velocity, and have wondered for some time whether the vacuum cleaner might be contributing to the "asthma" problem.

One day, I used a vacuum cleaner when the sun was shining, and noticed that the exit point for the air was throwing up clouds of dust. Half an hour later, I was (as usual) racked with wheezing.

I have since discovered that for the trouble of opening doors and windows when using a vacuum appliance, wheezing fits become a thing of the past, so the only certain answer, surely, is for houses to have vacuum exit points set into the walls, so no dust can be released back into the house.

As for asthma being related to moving house, the answer is simple. People moving either take their old, dusty carpets with them or else install new, fluff-prone carpets, both of which require vacuuming.
ANDREW FENTON
Felbridge, Sussex

Post letters to Letters to the Editor and include a daytime telephone number.
Fax: 0171-293 2056; e-mail: letters@independent.co.uk.

E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.

analysis

Scourge of the Brontës returns

Tuberculosis is not confined to literature, and it is not under control in Britain today, despite what the doctors say. The NHS has been breeding this terrible disease in its wards, says Jack O'Sullivan

These women look healthy enough – as well as you or I. Indeed all three Brontë sisters, Anne, Emily and Charlotte were active, successful writers. Yet even at the moment this picture was painted, each was probably infected with the disease that would eventually kill them. Tuberculosis – an airborne infection that they would have called consumption – ravaged the entire Brontë family, including Branwell, the only son, who painted this picture. But it didn't kill them suddenly. After their initial infection – probably during childhood by their consumptive father, Patrick, in the closed environment of a Haworth vicarage – it took years before the children developed the symptoms (emaciation, persistent cough, racing pulse and night sweats) which show that a latent infection has become active TB.

It is precisely this capacity for

TB to lie dormant that is haunting some chest specialists. They believe that the NHS has been dangerously complacent in failing to learn all the lessons of the huge 1992-93 TB outbreak in New York, which has cost hundreds of millions of dollars. They say TB surveillance has been slack, infection control in hospitals poor, and that the whole problem has not been taken seriously enough.

Privy to the latest research, these experts suspect there is a great deal more TB being spread in Britain than is suggested by official figures. They fear that in a few years, TB, which John Bunyan called "captain of all the men of death", could again be a serious killer, particularly since strains resistant to drug treatment (MDR TB) are now in circulation.

This is not the official view. Developing countries and parts of the United States may have seen dramatic increases in TB, but most professionals, proud of

Britain's good reputation for public health, believe the NHS has cracked the problem. The statistics seem to bear out their confidence. Although the number of notified TB cases in Britain rose during the Eighties after falling for the previous 40 years, the figure has stayed steady at around 5,600 new cases for each of the past three years. So, although there is concern that homelessness and rising deprivation provides a breeding ground for TB, the statistics suggest no need for concern.

But the early signs of NHS failure are showing up in people with low levels of immunity (in particular, people with Aids). They are developing the age-old symptoms that claimed so many historic figures, from Keats and Shelley to Nicolo Paganini, in the "white plague". The immuno-suppressed are to TB what canaries were to miners, predictors of unseen dangers. Whereas a healthy person infected with TB may take 30

years to develop the actual disease, someone with HIV can fall ill within a fortnight.

Their susceptibility was demonstrated in 1995, during serious outbreaks of tuberculosis among Aids patients in two London hospitals – St Thomas's and Chelsea & Westminster. In each case a patient had been present on the ward suffering from tuberculosis. By coughing, the patient infected others with multi-drug resistant (MDR) TB. Several died.

Paul Mayhew, 26, is one of the few who survived the Chelsea & Westminster MDR outbreak. Eighteen months later, he is still on six TB drugs plus an injection three times a week. "I'll be on medication for the rest of my life. I lost my home, my partner, I was locked in a room for three months. At one point I was given 10 weeks to live. When you already have Aids, it is the equivalent of having a bomb in your chest. The side effects of the drugs are nasty. "Streptomycin makes my face go numb. I suffer terrible insomnia. One of the drugs can cause psychosis if there is a build-up."

Old friends who are HIV-positive shun him, even though he is no longer infectious. "They are frightened of the disease. It's very lonely. I've not found anyone who understands how I feel. Completely filthy. I'm full of such anger about the way I was infected." You can almost hear Keats's own angry line: "Youth grows pale, and spectre thin, and dies."

There have been other unpublished outbreaks in NHS

hospitals. Dr Anton Pozniak, senior lecturer at King's College School of Medicine in south London, has documented one such hospital outbreak. It went unnoticed until months later when scientists spotted that a group of people with TB had a strain with the same molecular make-up – they had all been in that hospital around the same time.

These outbreaks could have been worse. In one hospital in Argentina, 102 patients went down with MDR TB over a three-year period. Some had a TB strain resistant to 10 drugs. Most are dead. The NHS has seen nothing on this scale.

During outbreaks, it is difficult to discover how many people have been infected, beyond the Aids patients who actually develop the disease. There is a skin test, which reveals exposure to TB bacteria, but it is of little help. Most Britons give a positive reading because the test reacts to the childhood BCG vaccination – an injection providing limited protection against TB. In short, until people get sick, we don't know how much newly-transmitted (and possibly drug-resistant) TB is dormant in the population.

So you would expect great attention to be paid to the health of the "tuberculosis canaries", not least because of their vulnerability. Yet we have little reliable information on the incidence of TB disease within this crucial population. Notification rates of tuberculosis in people with HIV may be

as low as 30 per cent, according to a paper published a year ago in the *British Medical Journal* by Dr Meirion Evans, a leading consultant in communicable diseases.

The reason for such reticence is the desire among HIV doctors to respect their patients' privacy. Dr Pozniak explains: "If these doctors notify a case of tuberculosis to public health officials, then it means the patient must be followed up at home and contacts traced. They fear that the confidentiality of the patient with HIV will be broken."

However, preliminary data from an important new study involving several London hospitals is filling out the picture of what may be happening. Dr Richard Coker, a consultant physician specialising in TB and HIV at St Mary's Hospital, London, has discovered a worrying increase in the proportion of HIV-positive patients who have developed TB in the past three years. Dr Coker said: "Last year less than 10 per cent of HIV in-patients being looked after in St Mary's were being treated for TB. This year, half of my HIV in-patients have a diagnosis of TB."

In short, TB infection seems definitely to be on the increase. The TB canaries – the HIV population – are the first victims of NHS failures. "Our preliminary findings suggest that TB control in Britain is not as good as we thought it was," says Dr Coker. "This could portend badly for the future. As a healthy person, I may have been exposed to MDR TB. If

in 20 years, I get leukaemia or become immuno-suppressed for other reasons, my TB may activate and I will be sick with an infection which is not susceptible to drugs. This will be as a direct consequence of what is happening now."

Dr Coker's fears are supported by the findings of Dr Diane Bennett at the UK's Communicable Disease Surveillance Centre. People with HIV are 100 times more likely than the general population to develop TB. And when they do, it is 1,000 times more likely to be MDR, the new, drug-resistant strain of TB whose presence suggests recent infection.

How did we get into this mess? First, the public health system moved too slowly. Despite the rapid rise of tuberculosis, including MDR, in third world countries, monitoring at British ports has been inadequate. The port authorities are supposed to tell public health officials to follow up all immigrants planning to stay here for more than six months. But active TB cases are slipping through, says Dr Peter Ormerod, chairman of the Joint Tuberculosis Committee of the British Thoracic Society. "It's an immigration system, not a public health system, with only a quarter of all new immigrants referred to port health units." This is worrying because some immigrants are infected with TB. We know this because the incidence of active TB in black Africans in Britain rose by 135 per cent between 1988 and 1993.

Dr Coker recalls the case of a Somali man. "He told immi-

gration officers that he had been diagnosed in Somalia with TB. After he went through immigration, he was sent off to a holding building for immigrants. Then he went to two hostel where there were other refugees. He finally turned up with us because he was severely unwell. By then he had been here for a month and was subsequently diagnosed as having pulmonary TB and as HIV-positive. Many people will have been unnecessarily exposed to TB."

Dr Peter Davies, a leading TB physician at Sefton General Hospital, says: "We have also created the conditions for the spread of TB in hospitals. It is wrong that people with HIV are more often than not being nursed on the same infectious disease wards as TB patients. They may be in separate cubicles, but people will still walk out and mix in day rooms."

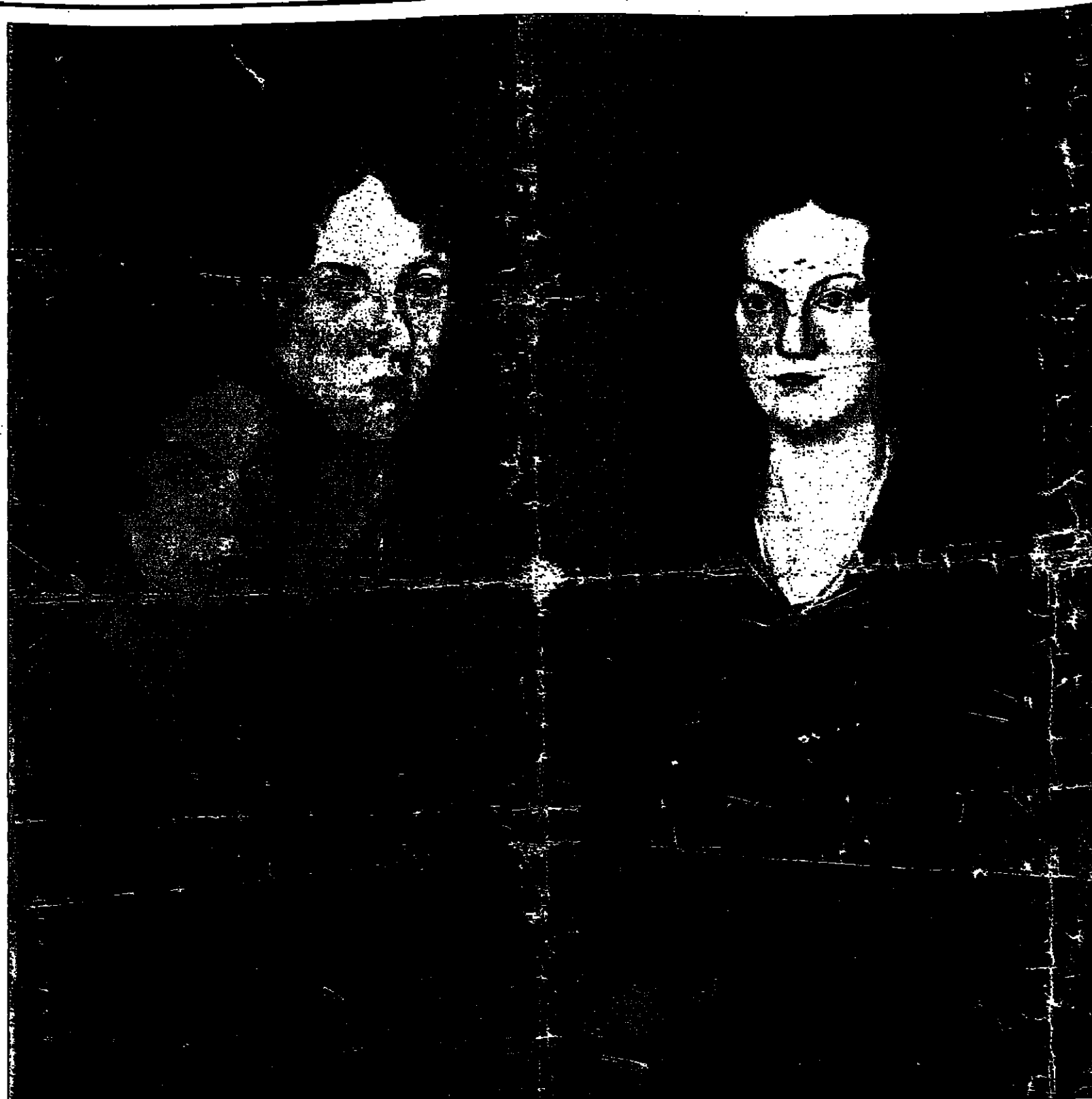
Another problem is the availability of nursing care in the community. TB treatment, even for drug-sensitive strains, can involve a six-month course of drugs. If the patient does not comply properly, a more virulent, drug-resistant strain of TB might evolve. In the case of such drug-resistant TB, a patient may, like Paul Mayhew, become totally friendless and isolated. Unless a nurse is available that patient may not carry on treatment.

Yet, according to Dr Peter Ormerod, there is a serious shortage of TB nurses. "What happens in a town where you have 150 TB cases a year and one TB nurse, who has a few weeks holiday a year? The TB doesn't go away when she's not there."

The NHS is belatedly taking action. Guidance will shortly be published on nationwide strategy. Some hospitals are considering building geographically separate facilities for TB and HIV patients. A pilot project is under way at Heathrow to improve the monitoring of immigrants, with electronic messaging to doctors replacing the old snail-mail system of tipping them off. New systems are being put in place to protect patient confidentiality so that doctors dealing with HIV-positive patients will improve notification of TB cases.

But all this is being done five years too late. We have yet to calculate the personal cost of this delay. We know that many HIV-positive patients may have died earlier than they otherwise would. In a few years, we may find there are more victims, in the general population, who may spend years in treatment that could have been avoided. It's a story that is familiar in the history of TB. Machiavelli hit on the truth in *The Prince* when he remarked that "consumption is easy to cure and difficult to understand; but when it has neither been discovered in due time nor treated upon proper principle, it becomes easy to understand and difficult to cure."

The author's *Tuberculosis - America's Health Risk* is published by the Harkness Fellowship of the Commonwealth Fund for New York.



Infected by latent tuberculosis: the Brontë sisters, Anne, Emily and Charlotte (left to right)

By courtesy of the National Portrait Gallery, London

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Ronnie's gigs with the Cricklewood Casuals

From Sir Arthur Scrymgeour DSO Sir, I feel the death of Ronnie Scott cannot be allowed to pass without some reference to his deep and abiding love of cricket. Although best known for his work in the jazz field, he shared with many other jazz musicians a fondness for our great national game and would often turn out in his early days for our local team, the Cricklewood Casuals.

I was once playing next to him in the slips one day, and saying to him, "Ronnie – Ronnie was what we always called him – "Ronnie, you are a creature of the night. How can you play such a sunlight game? You rise and do your work at night, often not retiring to bed before first light. How can your body clock allow you to rise during the day in time for a whole game of cricket?"

There came no answer from Scott's bending figure. Then, after a moment, there came a loud snore. Scott was fast asleep in the slips! How we laughed! Yours etc.

From Mr Reg Wallop Sir, I must endorse everything that the previous

writer has said. Ronnie Scott took a keen interest in many sports besides cricket, possibly because he had a compulsion to bet on the outcome of so many events. I believe he would spend hours in the back room of his jazz club watching horse races, and that one of the very few ways you could get through to him on the phone was to ring up and pretend to be a stable boy with a tip.

I was once playing with him in the old Cricklewood Casuals Second XI (he had actually been picked for the First XI but they were playing away in Suffolk, and he had refused to go, saying, "I'm not doing any more out-of-town gigs this month"), and he was put on to bowl in the last over, when the other side, with their first wicket standing, just needed 17 runs to win. Before he bowled the first ball, he said to me, "Bit of a moral dilemma here, Reg. I've placed 50 quid on the other side to win. Could be some loose bowling in this over..."

He then bowled 10 wides in succession. After that he winked at me, said, "Just kidding," and clean bowled the last batsman next

best place in the world for me to go on holiday is Australia. When you fly to Australia, you are immediately acclimatised when you arrive – you're awake by day and asleep by night.

Then he nodded off again. Yours, etc.

From Jim Wallrush Sir, You might not think that jazz and cricket would mix very well, but Ronnie Scott took advantage of the terminology of jazz when he was bowling to communicate with his wicket-keeper and let him know what to expect. Slow numbers in jazz are often called ballads, so if he was about to bowl his slow one, he would call out "Ballad coming up". Similarly, he might say "Up tempo" for a fast one. Occasionally he would whistle a tune which I recognised as one of Hoagy Carmichael's old songs, though I couldn't make out which. I asked our wicket-keeper if it meant anything to him.

That's Hong Kong Blues," he said. "Means he's going to try a Chinaman." This didn't always work. I remember once he was hit all

over the ground by one batsman, who turned out to be a local drummer and could understand everything Ronnie was trying to keep secret. After he had hit him for three successive boundaries, the drummer said, "Keep swapping fours, shall we, b, Ronnie?" I don't know what it meant, but it didn't seem to please Ronnie. Yours etc.

From Mr Bobby Randall Sir, The only time I ever met Ronnie Scott, he wasn't there. I had been asked to turn out for a cricket team called the All Star Jazz XI, and one of the reasons I agreed to play was that Ronnie Scott, whom I had never met, was playing in the team. Well, none of the players looked very much like him so I said to the bloke beside me in the slips, who was a young guy, that I had hoped to meet Ronnie Scott.

"Well, you won't today," he said. "He's gone off to play in another cricket match. He sent me in as a dep."

And do you know, it turned out that all 11 of us were depl! Well, that's jazz for you. Or do I mean cricket? Yours, etc.

From Mr Bobby Randall Sir, The only time I ever met Ronnie Scott, he wasn't there. I had been asked to turn out for a cricket team called the All Star Jazz XI, and one of the reasons I agreed to play was that Ronnie Scott, whom I had never met, was playing in the team. Well, none of the players looked very much like him so I said to the bloke beside me in the slips, who was a young guy, that I had hoped to meet Ronnie Scott.

"Well, you won't today," he said. "He's gone off to play in another cricket match. He sent me in as a dep."



Miles Kingston

ball. A lovely man. Yours, etc.

From Sir Arthur Scrymgeour DSO Sir, I think I may have already mentioned that Ronnie Scott could get through a whole over of cricket fast asleep without falling over. When I asked him how this was possible, he said that nothing was easier. He had quite often played entire evenings at out-of-town jazz clubs and been fast asleep throughout. "I tell you what, though," he said. "Being a jazz musician, working nights and sleeping days, means that the

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The author's *Tuberculosis - America's Health Risk* is published by the Harkness Fellowship of the Commonwealth Fund for New York.

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Sleight of hand from a would-be Chancellor

Has Gordon Brown discovered the fiscal equivalent of the perpetual motion machine? No increase in standard income tax. No widening of the VAT base. No new top rate of tax. No increase in spending. But a better, fairer world.

Or have he and Tony Blair fallen into the trap that ensnared, disastrously, Hugh Gaitskell and his then shadow chancellor Harold Wilson during the 1959 election campaign?

Then, as now, the economy was improving. Then, as now, the Tories were exhorting the electorate: "Don't let Labour ruin it." And then, as now, Gordon Brown did yesterday, Gaitskell promised no increase in income tax. All those wonderful aspirations Labour had, including a hefty increase in the old age pension, would be paid for out of economic growth.

When Aneurin Bevan was told about Gaitskell's campaign speech promising no increase in income tax during "peacetime", he said brutally and correctly - that "He's thrown it away. He's lost the election." The voters couldn't square the circle; they couldn't believe Gaitskell's "nobody gets hurt" theory of politics.

The Tories won by 101 seats. Brown's speech yesterday is at once the replacement for, and the antithesis of, the shadow budget which John Smith was forced by the party's huge spending commitments on pensions and child benefit to introduce before the last election. It is the final expression of Brown's disengagement of his party, not just from those commitments, but from the assumptions that underlay them. There will be no more news on tax from Labour between now and polling day. And even if it doesn't invite the same answer, it poses the same questions that Gaitskell's fatal 1959 speech did: is it believable, and if it is, what is Labour offering that makes it worth voting for?

It's true that those with the highest hopes now riding on the windfall tax have inflated its value to £10bn. That's an impressive sum to spend on bringing hope to a generation threatened with permanent exclusion from the world of work. But the windfall tax isn't just controversial and of uncertain yield. It's a one-off. The money, once spent, is gone. Tax cuts, including a new starting rate for the poor of 10p in the pound, are supposed to be for ever. A state education system to be proud of will take years to rebuild. An NHS that promises to be more, in the next century, than something from which everyone who can afford to, flees, will need more than the sacking of a few hundred administrators to flourish.

Brown knows this; which is one reason why his announcement yesterday, though not without its risks, doesn't fall apart in the way that Gaitskell's did. The markets, relentlessly heat-seeking, would not, as he also knows, allow a Labour Chancellor to sustain the bogus equation on tax and spending of which his critics -



Donald Macintyre
Has Gordon Brown the magic recipe: a foolproof fiscal plan to help the poor?

Liberal Democrat as well as Tory - accused him yesterday. But neither is Brown envisaging a world in which nothing changes, in which Labour has no pretensions beyond being more efficient managers of the market economy than the Conservatives.

It's important to consider, first, what Brown did not rule out, as well as what he did. In promising two years of keeping within the present spending totals, and precluding increases in income tax for the entire parliament, he has certainly imposed unprecedented constraints on an incoming Labour government. But he refused a blanket pledge to keep "more than 200" tax exemption reliefs, and allowances embedded into the revenue system. In theory, and at the most ludicrously extreme, he could abolish Mortgage Interest Tax Relief, reduce personal allowances, tax child benefit for higher rate payers, and reduce reliefs for private pensions, without breaching the terms of yesterday's speech. To do all of that at once would scarcely be sustainable for a Labour government seeking a second term. But he has left some room for redistribution through taxes and/or to raise revenue if dire economic circumstances impel it to be done. As they may well do, whoever wins the election.

What he can't now do in the first two years is use even that form of increased taxation to finance extra spending (though it isn't precluded after that). The real message of yesterday's speech is that Brown has learnt the hard lesson of previous Labour governments which have rushed to fulfil expensive spending commitments, only to pay for them later, usually with their lives. By imposing the discipline, he sought to reverse the process by ensuring that ministers, instead of fighting for their share of a spending increase, will be forced to search collectively and individually for savings to pay for cherished programmes. And some of these will be naturally easier after an election than before. No Labour politician, for example, dares breathe even a word about defence savings before polling day. Welfare reform remains the favoured source of new funds. But expect the promised Defence Review to be an early priority.

Brown knows it is not going to be easy. If maintaining discipline on spending in opposition has been tough, imagine how much harder it will be in government, when each spending minister, impatient for results, is bolstered by powerful civil servants who regard victory in a public expenditure round as the only reliable symbol of departmental virility. And when the public sector unions' expectations of a Labour government are all the keener after 18 years of increasingly depleted power. Brown has already sought to reassure the markets on borrowing. In outlining his tax and spending plans he has set himself a daunting, and, for a Labour Chancellor, unprecedented task. But it was no conjuring trick.

Buying a Picasso? Do it in New York

by John Windsor

For Bond Street's biggest art and antique dealers, taking a gamble is all part of the game. Is that a Constable hiding under the grime? Could that blue and white Chinese vase turn out to be 14th century? But today, some of them are facing the biggest and least amusing gamble of their careers: should they move their businesses to New York or stay in London - where new taxes imposed by Brussels could bankrupt them?

Alarm bells echoed down the Street this month when the venerable picture dealers Pace Wildenstein announced that, after 60 years, they would not be renewing the lease of historic 147 Bond Street, a 17th-century property which housed Lord Nelson as he convalesced after losing an arm, and which was one of the first purpose-built commercial art galleries. They will trade from offices while maintaining their gallery in New York.

Yesterday, the world's greatest dealer in Chinese artworks, London-based Giuseppe Eskenazi, renewed his threat to decamp to New York, despite having spent £4m refurbishing his Clifford Street gallery. And Johnny Van Haeften, renowned dealer in 17th and 18th century Dutch paintings, described art dealing in London as a dying profession. "It's no fun any more," he said. "I can't wait to retire." He is 45.

Grouching in leather armchairs? Fogeyish Europhobes? Not this time. European dealers and auctioneers are jealous of the London market, the Brussels bureaucrats mean business and the new EU regulations - no fewer than three different ones - have teeth that have begun to bite. They are a 5 per cent tax on artworks imported into the EU (Britain so far pays only 2.5 per cent); a proposed 2 or 4 per cent *droit de suite* tax (on proceeds to living artists or their heirs) from next year, on the sale of artworks less than 70 years old; and stringent export regulations intended to curb smuggling of antiquities.

All three are a powerful deterrent to the London market's regular buyers and sellers of artworks living in non-EU countries, but the EU as a whole will be the loser. The winners will be dealers and auctioneers outside the EU who have fostered bureaucracy-free markets - in New York, whose turnover overtook London's in the Eighties, in Geneva and Zurich, and in



PICASSO AT A PREMIUM: This is how the proposed regulations could make a single auction transaction in London more than a million dollars more expensive than in New York. Picasso's *Le Miroir* (above) fetched a hammer price of \$18.2m at Christie's in New York in November 1995. In addition, the buyer paid Christie's commission of \$1,822,500 - 15 per cent on the first \$50,000 and 10 per cent on the rest of the hammer price - bringing the full price to \$20,022,500. The seller paid Christie's commission of 2 per cent of the hammer price plus their expenses (insurance, etc) of 0.5 per cent, totalling \$455,000. Total charges for the transaction: \$2,277,500. Under proposed EU regulations, if the same picture were sold at a London auction to a European, there would be additional charges: the buyer would have to pay a 5 per cent import tax on the \$20,022,500 - that is, \$1,001,125, (in sterling, of course), and the vendor would have to pay an additional 2 per cent *droit de suite* - that is, \$400,450. Total extra charges: \$1,401,575. The London transaction would therefore cost a total of \$3,679,075 - 61.5 per cent more expensive than in New York.

South-east Asia, especially Hong Kong.

Already, the 2.5 per cent import tax has caused measurable damage to the London trade. Last year, while UK exports of art and antiques to non-EU countries rose by 4 per cent, imports fell by 17 per cent. Anthony Browne, a

Christie's director who is chairman of the British Art Market Federation of dealers and auctioneers, a pressure group formed last May to combat the EU threat, says: "This is the first time to my knowledge that imports have fallen while exports have risen."

"It is a ludicrous situation."

Why impose a disadvantage on London that will drive the trade out of the EU altogether? We don't need a level playing field with Paris. We need a level playing field with the rest of the world. The EU is shooting itself in the foot."

The art trade elsewhere in the EU, apart from Paris, is

predominantly domestic. Hence the Euro-jealousy of the truly international market in London, world centre of connoisseurship for more than two centuries. The London market, with up to two-thirds of its trade coming from non-EU countries, turns over £2.1bn a year, compared to £3.5bn to £4bn for the EU as a whole. Britain included. The British themselves are not great buyers of art. But the London art market is as the City of London is to world finance: an international entrepôt. With New York its chief challenger.

Faced with a choice between New York's open market and London's EU taxes and anti-smuggling strictures, where will non-EU vendors, the Japanese for example, choose to consign their treasures? A survey by the Department of Trade and Industry has estimated that *droit de suite* alone could rob the UK of an annual £68m in art sales. The noble intention of *droit de suite* is to succour starving artists in garrets, but in France 75 per cent of its revenue has been found to be channelled to a wealthy élite of six families, including Picasso's.

Mr Eskenazi, 57, who came to England from Milan aged 12, has a turnover of some £20m. Because of his scholarship, which is equal to that of any museum curator, he can sell Chinese bronzes for £1m or so. For the first time, he has organised a selling exhibition in New York, coinciding with the International Asian Art Fair there in March. "Maybe I'm just testing the water in New York out of desperation for what's happening here," he says. "The British government doesn't seem to understand the harm it's doing. It's as if we are being pushed out. If they go on pushing I shall leave."

How many other London dealers are thinking of pulling out to New York? Johnny Van Haeften says: "I think we all are. It's a nightmare. What advantage has any collector in Switzerland [a non-EU country] in sending a picture for sale in London these days?"

In New York, a leading Chinese artworks dealer, James Lally, says: "It's more congenial here. More and more London dealers are coming to meet clients. And Giuseppe's forthcoming exhibition speaks volumes about the direction business is taking. If well-to-do collectors cannot play in London, they have no trouble finding other places to play."

Why Burke is in fashion

Attitudes to revolution are under the spotlight, says David Walker

Expect to hear a great deal about the French Revolution of 1789, the pivotal event of modern history. Attitudes to it have become a key test of political personality and philosophy. The world divides into those who think it a glorious thing, marred and bloodstained, yes, but inspired by the profoundest of human motivations - hope for change - and those to whom it was hateful, unnatural and unnecessary.

Since revolutions tend to upset the natural order of property and possession, the powers-that-be have always been well represented among the latter group and well disposed towards conservative parties and propagandists. In societies frightened of change, counter-revolutionaries get a better hearing, which is why during the coming year we will hear a lot about the French Revolution's great antagonist, Edmund Burke, this being the bicentenary of his death in 1797.

There is going to be a boom in Burkeana. The right-wing Social Affairs Unit has already put out a pamphlet, Ian Crowe's *Unwelcome Truths* (why Burke would hate the European Union, human rights and constitutional reform). A BBC Radio 3 series is being planned for July. There will be several new books, including *Edmund Burke and Our Present Discontents* by Jim McCue (why Burke would hate the EU, human rights and constitutional reform).

The right-wing press will play up a storm. *The Times* has already weighed in with a piece by Conor Cruise O'Brien - one of the clearest heads of our time, gone to muddled interperence - in which Burke, a passionate, if closet, Irish Catholic nationalist, is played in aid of maintaining the *status quo* in Ulster.

The owner of the *Daily Mail*, Lord Rothermere, once memorably said: why keep a dog and bark yourself? And this is the role to which Burke has been reduced, a posthumous guard dog for all those who fear political experiment, fear democracy, fear any attempt to make society fairer by means of progressive taxation, fear restraint on property.



Yet Edmund Burke's credentials for becoming a Tory icon are not obvious. "He resists easy categorisation," says Simon Coates, producer of the Radio 3 series, which will feature the far-from-right-wing Terry Eagleton among its contributors. Here was a boy from Ballyduff who made it to opening bat for Lord Rockingham's XI, an Irishman in the pay of English Whig grandees, a friend of the Boston tea-partyers, who argued for government intervention in one of the biggest businesses of the day - the East India Company - a Jacobite who publicly affirmed his loyalty to the Hanoverian usurpers. Inconsistencies abound, but no more than you might expect from a political placeman anxious to keep his patrons sweet and the cash flowing in.

Burke defending the revolting Americans, or Burke telling the electors of Bristol that he proposed to do his own thing in the Commons, would never have become a Tory pin-up. What ensured him a place in the pantheon, and money from Rupert Murdoch for seminars by Burke fans, was *Reflections on the Revolution in*

France, published in 1790, barely months after the Bastille was stormed.

Even Burke's Tory standard-bearers would not claim it as a work of political philosophy. It is a polemic, a brilliant piece of journalism (defined as writing where style and effect will always triumph over analytic depth and consistency).

Whatever else this was, it was hugely effective propaganda, a must-read for anyone who feared that the Reds or the Dis-senters or the pike-waving masses were about to descend on their palace gates. What starts as an attack on revolution becomes, perhaps inevitably, a defence of the *status quo*, meaning the present distribution of property and political power in England. That capital was, even as he wrote, subverting the way of life of thousands of English people, mostly low-born, was a fact to which Burke was blind; the only change he objected to was willful change, of the kind you find in manifestos.

To say that Conservatism has been potent in British history would be wrong. If by Conservatism is understood some coherent body of doctrine, What has been potent is Tory journalism, stylish, flashy arguments for preserving what is and those that own it, usually constructed in the form of attack on the insurgents and advocates of change. Burke is the patron saint of the kind of journalism carried by the *Spectator* - the conceit of clubmen, mocking the manners and pretensions of those out there. The very fact that Burke was an Irish outsider who had won his way into the club by the sharpness of his wits gave his defence of the *status quo* added vigour.

Hazlitt once said that it was a test of the sense and candour of those who oppose Burke - their ranks must include all those who believe politics is about seeking to change the *status quo* - that they admit he is a big man. Maybe. But the same test does not apply to the Burke boosters and apologists who are going to be out in force this year.

'Unwelcome Truths', publication 69 from the Social Affairs Unit.

Britain's real reading list

Give them credit. Whoever dreamt up Waterstones' greatest 100 books of the century pulled off the nearest marketing wheeze since *Prima* persuaded Cherie Blair to edit their mag. Neat, because yesterday everyone who had any interest whatever in books found themselves unable to avoid discussing the merits and demerits of their list.

Over breakfast we asked each other how many we'd actually read (and then tried to work out if our partners/lovers were cheating). Over lunch our Eng Lit friends wondered how on earth *Transporting* could appear in the top 100, never mind the top 10 (and we thought, how can you be so pompous?). At supper the parlour game played on. Surely at least one Hemingway? No Conrad? Or Faulkner? What about *The Golden Notebook*? *The Naked and the Dead*?

As Mark Lawson put it yesterday morning on Radio 4, this top 100 was a satchel and rucksack collection. In one way or another most of the books chosen by Waterstones' customers fell into the category of juvenile cult favourite (*The Lord of the Rings*, *The Catcher in the Rye*, *Dune*, *Zen and the Art of Motorcycle Maintenance*, anything by Stephen King) or obligatory examination texts (1984, *Animal Farm*, *To Kill a Mockingbird*, *Lord of the Flies*). The rest were books that everyone knows are important but most have not read (*Ulysses*, *Remembrance of Things Past*). In fact, the list was a monument to the power of adolescent conformity and GCSE syllabuses. My first response on scan-

ning it, therefore, was a sort of sniffy disdain. Let's be honest, most people who think they are half-serious about literature are bound to react caustically to a league table that places Delia Smith above Richard Dawkins (though you could argue that the former has more encouraging things to say about the purpose of physical pleasure). And you have to be semi-suspicious about any judgement that clusters child fantasists such as Kenneth Grahame, A.A. Milne, C.S. Lewis and J.R.R. Tolkien among the top 30, or one that regards *Jurassic Park* and *The Horse Whisperer* as even mentionable in respectable company.

But that's not the point. What makes the list so fascinating, so talkable-about, is precisely its banal, eclectic, barnyard accuracy summary of what would probably appear on an average educated, averagely middle-class shelf in a not-very-bookish home. It does, in fact, reflect what people really read.

There's an additional value to a list like this. Ask yourself, how many of those titles are books (such as *The Master and Margarita*) that you thought you knew about, but have never in fact read? Weren't you reminded of books, such as *A Suitable Boy*, that you never got round to reading but meant to one day?

Ten years ago this list would have been very different; in 10 years' time it will be different again, if only because *The Horse Whisperer* will by then be long forgotten (thank heaven). But it is no less intriguing for that.

Colin Hughes

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Thorn share price rocked by profit warning

Tom Stevenson
City Editor

Demerger fails to boost shareholder value as third-quarter figures cause dismay in the City

The slump in the stock market value of Thorn since it demerged from the EMI music business last summer threatened to turn into a rout yesterday as Crazy George's group warned that poor trading and the strong pound would hit profits in the year to March.

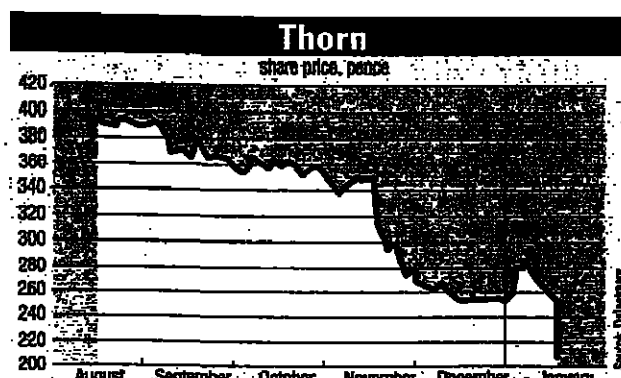
Thorn's shares, which started trading at 408p last August, slumped 42.5p to 209p in heavy trading after the company issued a nine-month trading statement in which it warned investors it would make no more than last year's pro forma £170.7m pre-tax profit.

The slump caused dismay among shareholders who had expected the split from EMI to enhance shareholder value in the same way that similar splits by companies such as ICI and Zeneca and Courtaulds had

unlocked previously hidden potential. Thorn's stock market value has slumped from £1.77bn to £905m.

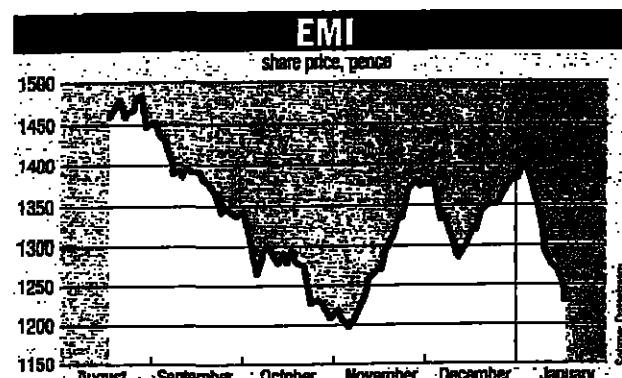
The warning, which accompanied nine-month results, shocked analysts who had pencilled in profits for the year of about £180m. Nick Bubb of MessPierson said: "The third-quarter figures aren't too disastrous but what they are implying about the fourth quarter takes our forecast down another £10m or so."

A spokesman for Thorn said the problems had been concentrated in December. He added that because turnover in the rental business comes in the form of future monthly payments rather than one-off payments, the full impact of a poor pre-Christmas sales period would only be fully felt in subsequent months.



Third-quarter figures for the nine months to December showed an 8 per cent increase in profits before tax and exceptional items to £123m struck from sales 5 per cent higher. But the fourth quarter is expected to be further hit by the strength of the pound, which is forecast to

wipe out 10 per cent of US profits on translation. Thorn is the latest UK company to complain about the impact on profits of the recent surge in the value of the pound. Guinness said last week that 1997 profits would suffer to the tune of £60m and ICI and



British Steel have seen analysts downgrade profit forecasts to reflect sterling's rise. In the US, where Thorn generates about 60 per cent of its turnover, sales were hit by a price war in the consumer electronics retail market between two of the largest players,

Circuit City and Best Buy. With prices of items such as video recorders falling to less than £100 in some cases, the market for renting to low-income households had dried up. In the UK, Radio Rentals, which together with Granada controls about 85 per cent of the

rental market for consumer electronics, sales had been particularly poor. Thorn admitted it had priced its personal computer rental contracts too high and failed to respond to extreme competition in small screen televisions from Granada.

Poor trading and foreign exchange worries are the latest cloud to darken Thorn's prospects since demerger. They add to the concerns already surrounding the company regarding a spate of court cases in which Thorn is being sued for millions of dollars over the pricing of its rental contracts.

Litigation has focused on whether Thorn's contracts should be covered by consumer credit law which in many states caps the annual percentage rate at which interest can be charged. Although Thorn claims its contracts are for rental agree-

ments, not credit sales, but sentiment has been hit badly by the loss of two cases in the past four months.

Other concerns include the perception that the market for renting consumer electronics goods is fast disappearing as the products become cheaper. Thorn says it is responding by moving into new rural geographic areas, where there is less competition, and new product areas, such as car rental where it currently has no exposure.

The latest fall in Thorn's share price completes an unshareable first five months on the stock market which began with a 17p first-day slide to 391p. EMI, by contrast, jumped to a 37.5p premium on the first day of dealings to £14.60, buoyed by bid speculation. In the absence of any activity, however, EMI has also underperformed in subsequent trading, closing yesterday 13.5p lower at £12.30.

Comment, page 15

Tunnel fires off salvo over debt talks

Michael Harrison

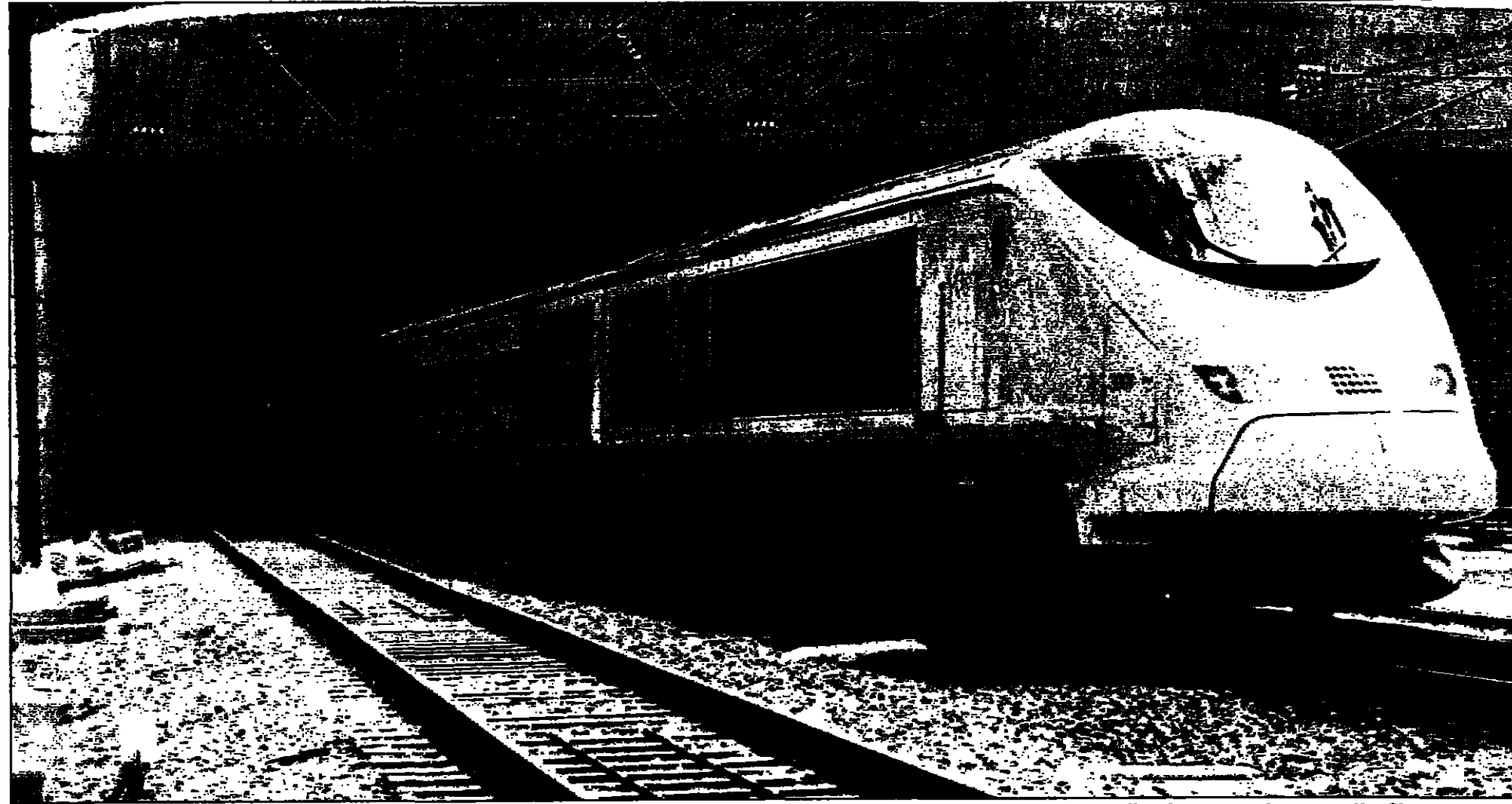
Eurotunnel warned yesterday that the restructuring of its £8.7bn debt mountain is at risk unless the British and French governments agree to extend its concession to run the Channel Tunnel. The company is in negotiations to extend the concession from 65 to 99 years and has set a deadline of the end of March for agreement from the two governments.

Robert Malpas, co-chairman of Eurotunnel, said yesterday in Folkestone: "An extension is critical if we are to secure the support of our bankers and shareholders for the financial restructuring. Without it, it will be even more difficult."

He was speaking as Eurotunnel announced that it had recaptured a third of the cross-Channel market since the freight shuttle fire in November which forced it to close the tunnel. Eurotunnel expects its market share to return to 50 per cent by the end of the year with total revenues forecast to increase to about £600m compared with £450m last year.

The total cost of the fire, including lost revenue, repair work, compensation payments and the replacement of the burnt-out shuttle, is forecast at a maximum of £265m-£270m. However, Eurotunnel said its insurance would cover it for all but £5m-£7m of this.

The only remaining clues to the terrifying conflagration that



Red light: Eurotunnel has set a deadline of the end of March for the British and French governments to reach agreement on extending its concession to run the Channel Tunnel

took place are the exposed steel reinforcing bars hanging from the tunnel roof. The sheer heat of the fire stripped away three-quarters of the 40cm thick concrete lining covering them.

Yesterday, nine weeks to the day after the blaze, work began to repair the tunnel so that it will be "as good or better than the original", according to David Pointon, Eurotunnel's technical director. A team of 140 engineers will work around the clock for the next 16 weeks to repair the lining and renew the burnt out electrical systems.

What remains of the lining will be secured with hundreds of 2.5-metre steel bolts. The engineers will then spray the tunnel walls with concrete from specially adapted trains. When the tunnel was originally built the concrete lining was fitted in giant pre-cast slabs. As a precaution, the most severely damaged part of the tunnel - a 46 metre-long section - is temporarily being supported with steel colliery arches.

The tunnel floor is, disconcertingly, a few inches deep in water and everywhere the tunnel lining is blackened by smoke. But Mr Pointon says: "We have monitored for structural movement and drilled numerous boreholes and the news is good. There is very little ingress of water and no structural movement."

The company said it did not believe the fire would affect its debt restructuring. But because it does not expect to resume full services until June, it has asked its banks to extend its debt standstill, under which Eurotunnel has suspended interest payments on its loans, until

the end of the year. Passenger numbers fell by almost a half in December in the wake of the fire and the subsequent reduction in services. No freight shuttles have operated since the incident. Eurotunnel is aiming to restart freight shuttle services by the end of March and complete repairs to the fire-damaged section of the tunnel by mid-May so that it can resume a full service from June.

The plan is to have achieved a full recovery from the fire by the end of 1997. Eurostar services are back to 90 per cent of normal levels while passenger shuttle services have recovered to 50 per cent of their levels before the fire. Despite the fire, revenues rose by more than 60 per cent to £450m as the number of passengers using the tunnel increased from 8 million in 1995 to 13 million. Eurostar handled just under 4.9 million passengers - giving it 66 per cent of the London-Paris market - while Eurotunnel's Shuttle service carried more than 2 million cars and 58,000 coaches, giving it a 50 per cent share of the tourist market.

So far Eurotunnel's insurers have paid £34m for lost revenue in 1996 and the company said it was confident that the impact of the fire on its finances in 1996 and the first half of this year would be limited.

Last year Le Shuttle carried more than half-a-million trucks, compared with 400,000 in 1995, while the railways handled 2.4 million tonnes of railfreight. Until the fire interrupted services, passenger numbers were 87 per cent up on 1995 while the amount of freight carried was 49 per cent higher.

The speed and size of sterling's appreciation was causing "understandable anxiety", particularly for manufacturers exposed to international competition. This was already affecting export orders, "clearly a serious issue", creating tension between the strong exchange rate and domestic policy.

But Mr George repeated the Bank's long-standing argument that the stronger exchange rate did not directly affect the problem of the build-up of domestic demand pressure. It would have a one-off downward effect on retail price inflation, but this would drop out of the 12-month calculation during 1998.

The stronger exchange rate would also weaken the trade balance, relieving the pressure on demand, which may have a more lasting effect on inflation. The Bank would take these factors into account, though there was inevitably a great deal of uncertainty over the timing and scale.

The index for the pound rose 0.2 to 96.8, while against the mark sterling rose 1.14 pfmings to DM2.7004.

George argues for rate increase

Jill Treanor

Eddie George, Governor of the Bank of England, yesterday took issue with the Chancellor of the Exchequer's claim that the strength of the pound was a good reason for not raising interest rates last week.

In a speech to a Institute of Bankers dinner in Scotland, he said "there could be real dangers in allowing justified concern about the exchange rate to deflect us for too long from moving gradually to moderate the upswing" in the economy.

Last Thursday, Kenneth Clarke, the Chancellor, justified his decision not to raise base rates the day after his monthly monetary meeting with Mr George by saying: "The big thing is that the pound is very strong at the moment and it is very anti-inflationary."

As the pound strengthened further yesterday against the mark, Mr George made clear that the Bank wanted a small rise in interest rates. He also emphasised the need for a gradual tightening to "moderate" the upswing rather than bring the economy to a jarring halt.

However, he reminded his audience that two years ago his message about interest rates was that a stitch in time saved nine and he added: "I bring you the same message."

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\$7.3bn Banc One buy creates US card giant

David Osborne
New York

Banc One Corp is buying First USA, a credit-card business based in Dallas, Texas, for \$7.3bn (£4.4bn) in a bold and potentially risky move that will create America's third-largest issuer of credit cards.

The deal will catapult Banc One, based in Columbus, Ohio, into the top league of credit issuers in the US. Combined, the two companies will have a credit card operation with 32 million holders and assets of \$35bn.

The stock transaction could herald a consolidation wave in

the American credit card industry, some analysts suggested. Last year, Citicorp began negotiations to purchase American Express, it was revealed recently. That approach fizzled out, however.

After a troubled history, First USA has emerged in recent years as a powerhouse among credit card issuers, with its own stock growing an impressive 12 times in four years.

Banc One said it had agreed to offer 1.1659 shares of its common stock, or about \$52.61, for each share of First USA. That compares with First USA's closing share price on Friday of \$36.75.

Star culture out of control, warn regulators

Jill Treanor
Banking Correspondent

Top City regulators yesterday expressed concern about the "star" culture being nurtured in the City, warning it failed to win staff loyalty and could have implications for the soundness of firms.

The comments by Nick Durlacher, chairman of the Securities and Futures Authority, and Phillip Thorpe, chief executive of Imro, followed the acrimonious departure of Nicola Horlick from Morgan Grenfell Asset Management last week.

Their comments were not aimed at MGAM directly but at an industry which over recent

months has been dogged by the antics of characters perceived as star performers.

Only four months ago MGAM sacked Peter Young, once one of its top-performing fund managers, after establishing he had set up Luxembourg holding companies to hide his investments in unlisted securities. Nick Leeson, now in jail after breaking Barings, was perceived as a star at the bank before it collapsed in February 1995. The same is true of Yasuo Hamanaka, a trader at Japan's Sumitomo.

Mr Durlacher said: "To some extent management have brought it upon themselves by the willingness to put so much

of the reward for strong performance on individual performance and individual bonuses. The danger is that it's replaced... loyalty."

MGAM is fighting to reassure its clients that Mrs Horlick's departure will not impact on the performance of the group, even though she was considered to be one of the key players behind its improved record in recent years.

Dubbed Superwoman for her ability to juggle her hectic family life - she has five children and an investment banker husband - and her "star" role as head of pension funds at MGAM, she was rumoured to earn more than £1m a year.

"We use the word 'stars' because we borrowed it from Hollywood and one can observe from casual reading of memoirs coming out of Hollywood that they were difficult to manage for the studios," said Mr Durlacher.

Mr Thorpe said he saw nothing wrong with businesses attempting to hire the best people. "However, we are concerned when management's attention seems to be wholly focused on performance," he said.

MGAM suspects that Mrs Horlick was trying to poach some of its top fund managers. She denies this. City sources pointed out the irony of MGAM's situation because Deutsche Morgan Gren-

fell, its parent company, is well known for its aggressive stance on hiring. Last year it faced legal action for poaching a team of traders from ING Barings.

While hiring teams en masse can be an effective way to build a business, many in the City wonder if it pays off long-term by winning loyalty. "You don't buy their loyalty. For a while you do, until the next big offer comes along," said Phil Rivett, chairman of Coopers & Lybrand's capital markets group.

Late last year Andrew Large, chairman of the Securities and Investments Board, also called for strong management to control stars.

Deadline over job, page 4

STOCK MARKETS					
Index	Close	Day's change	Change(%)	1996/97 High	1996/97 Low
FTSE 100	4207.70	+10.20	+0.2	4207.70	3632.30
FTSE 250	4583.40	+17.50	+0.4	4583.40	4015.30
FTSE 350	2087.70	+5.70	+0.3	2087.70	1816.80
FTSE SmallCap	2287.88	+9.01	+0.4	2287.88	1954.06
FTSE All-Share	2061.07	+5.81	+0.3	2061.07	1791.95
New York	6799.62	+34.25	+0.5	6799.62	5032.94
Tokyo	10900.04	-54.30	-0.5	10900.04	7303.65
Hong Kong	13856.40	+25.72	+0.2	13856.40	10204.87
Frankfurt	3001.37	+8.06	+0.3	3001.37	2253.36

INTEREST RATES					
Index	1 Month	3 Month	6 Month	1 Year	Long Term
UK	6.06	6.68	7.38	7.32	7.45
US	5.38	5.97	6.54	5.62	6.83
Japan	0.44	0.41	2.38	2.98	6.05
Germany	3.19	3.09	5.75	5.82	5.62

CURRENCIES					
Index	Close	Day's change	Change(%)	1996/97 High	1996/97 Low
£/DM	1.5680	-0.020	-1.3	1.5680	1.5105
\$/DM	1.6610	-0.020	-1.2	1.6610	1.5105
DM/£	0.6400	+0.002	+0.3	0.6400	0.6220
DM/\$	0.6020	+0.002	+0.3	0.6020	0.5840
¥/£	166.10	-0.20	-0.1	166.10	151.05
¥/\$	109.00	-0.50	-0.5	109.00	73.04

OTHER INDICATORS					
Index	Close	Day's change	Change(%)	1996/97 High	1996/97 Low
Oil Brent	22.73	-0.19	-0.8	22.73	17.12
Gold	353.75	-1.45	-0.4	353.75	399.60
Gold \$	212.75	-0.20	-0.1	212.75	205.7

Olivetti agrees sale of personal computers

Magnus Grimond

Olivetti, the Italian information technology group, yesterday moved to tackle the problems that have been besetting it with a £125bn-L300bn (£96m-£115m) deal to sell its troubled personal computer division.

The loss-making business is going to Piedmont International, a company established for the purpose by Edward Gottesman, a US lawyer based in London whose other interests include Raleigh bicycles and the Fila sports shoe group. The final sale price will be agreed before

the end of February, with Olivetti retaining a 10 per cent stake in the new company.

Plans to sell the PC operation were announced last October as part of a programme to raise around £800bn to cut debt and restructure the company. With £450bn raised from the recent sale of an 8 per cent stake in Omnitel, one of Italy's mobile telephone groups, the latest disposal means that target has almost been reached.

Olivetti's shares, suspended in Milan yesterday ahead of the announcement, have been rallying from new lows.



COMMENT

'From very different perspectives and political positions, Mr Tietmeyer and Mr Brown seem to be coming round to the same point of view'

The final triumph of free market principles

Anyone reading Hans Tietmeyer's comments in the *International Herald Tribune* yesterday would think he had been converted to Kenneth Clarke's particular brand of British Conservatism. It was wrong, Mr Tietmeyer said, to blame Maastricht for the public spending cuts, labour market reforms and welfare upheaval going on throughout Europe; these would be necessary regardless of monetary union, for Europe is losing its position of competitive strength in world markets and needs to respond urgently.

That's remarkable enough for any beneficiary of the German economic miracle, but for the President of the Bundesbank it looks like a form of heresy. What's this? Unskilled workers should not command high rates of pay, labour regulations are too rigid, collective wage bargaining is not sufficiently flexible, Germany in particular should get away from the idea that the service industries are a humiliating form of work? Hans Tietmeyer is not a politician, he's said this kind of thing before (though not as strongly), and it may be some time before sentiments of this type are echoed publicly by Helmut Kohl. All the same, by German standards, he's tilting at some very sacred cows.

In a different way, so is the Labour Party in its now very public public pronouncements on the importance of sound public finances and low rates of taxation. This kind

of thing should no longer be thought surprising coming from the shadow chancellor is almost as revealing as Mr Tietmeyer's conversion to the cause of flexible labour markets. Are we beginning to witness the final triumph of Anglo-Saxon free market principles? From very different perspectives and political positions, Mr Tietmeyer and Mr Brown seem to be coming round to the same point of view.

The problem for Mr Brown is that it is all very well to say these things, quite another for him to deliver. It remains to be seen what sort of a credibility gap he has to close with the electorate: with the markets it is still a big one.

The rhetoric is fine, but he's got a hill to climb convincing financial markets that he's as serious about it as claimed. Income tax is in any case only part of the equation here. If he has to rely on the windfall profits tax and other wheezes to make the books balance, he could be in trouble.

There is no such thing as a popular tax, however much a windfall levy on the utilities might look like one. While proposals for this tax languished in the £2bn-£3bn range, Labour looked like getting away with it, just about. But if it is true that Mr Brown's office is now looking at a £10bn levy - and his comments on income tax yesterday only tend to support the suggestion that he is - then that is a very different matter.

This is not money that it is going to be magicked out of thin air. Ultimately it will be the shareholders who pay. There are about 8 million of them spread across the utilities, and the sums involved begin to look large enough to make an electoral difference. As Mr Brown is about to discover, squaring the circle between Labour's social commitments, its policy of low taxation, Maastricht and the financial markets will be quite as hard as Mr Tietmeyer paints it.

Demergers are no panacea

The City was beginning to have its doubts about demergers, but the woeful performance of Thorn since its divorce from EMI has confirmed that the great business school idea of the early 1990s is no panacea. Since Thorn EMI did the splits in August last year, the rental arm's shares have slumped 47 per cent.

That would not matter so much if the music business had played a more cheerful tune, but it too has fallen, by 16 per cent as bid speculation evaporated.

The theory of demergers is fine as far as it goes. When a valuable gem such as ICI's pharmaceuticals arm is hidden from view behind a lower rated business like

bulk chemicals, it doesn't take a genius to recognise the potential of spinning it off into a racier sector.

The same was true of Racal's progeny, especially Vodafone, where the potential of the mobile phone revolution was always likely to be diluted by the stock market raving on dull defence electronics contracts. But the list of failed demergers is lengthening. Hanson's ran aground last year when the City realised the conglomerate's four way split was little more than a dividend cut in fancy clothing. Guinness has turned its back on a break-up. Most tellingly, Sir Christopher Hogg, architect of the Courtaulds demerger, has said he is unconvinced it is the solution to Allied Domecq's deep-seated problems. BAT Industries, likewise, cannot see how demerging tobacco from insurance would add to shareholder value, even though it admits there is no logic in co-existence.

With the benefit of hindsight it is now clear that it was always going to be better to travel than to arrive with Thorn EMI. In the months leading up to last summer's split, optimistic estimates of the value of the music arm to one of the US entertainment giants drove the share price to dizzy heights while no-one really gave a second thought to the dull old rental arm.

Which was a mistake, because dull it was, and is likely to remain. As yester-

day's trading statement confirmed the market in the US for renting commodity products like video recorders and television is drying up as fast as a price war is driving down the cost of buying the machines outright.

What's left of the market is being undermined in the courts where American lawyers have contended onto the usurious effective interest rates rent-to-buy contracts imply. The move into car rental, an area already well served by specialists, is a further sign of desperation. Being EMI's unnoticed sibling had its attractions, it seems.

Whistle blown on gravy train

The gravy train may not yet have hit the buffers but at least the whistle has been blown. Pressure from institutional investors has finally forced Prism Rail to scrap a share ratchet scheme that enriched its founding investors beyond their wildest dreams. But no matter.

Prism's directors own 30 per cent and are likely to be in the money again when a larger player chooses to swallow them in the inevitable consolidation to come. History will judge them as clever arbitrageurs who made their money paying peanuts for train operating companies sold in haste

George argues for rate increase

Jill Treanor

Edwin George, Governor of the Bank of England, yesterday argued with the Chancellor of the Exchequer that the time has come to raise the base rate of interest.

Mr George said the Bank was "convinced" that a rise in the base rate was justified by the current inflationary pressure in the economy.

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Prism drops share scheme after big investors' protest

Patrick Toohar

Prism, the owner of four passenger rail franchises, yesterday bowed to pressure from institutional investors and scrapped a controversial bonus share scheme that had made paper profits of more than £30m for its founding shareholders. "It looked a little greedy to us," said one leading fund manager.

The scheme, set up to cover the costs of the founding directors, who have put up £2.6m of their money for tendering for rail franchises, will not kick in if Prism wins any more train operating bids. Prism is on the shortlist for North West Regional Railways and ScotRail.

However, the seven directors, including the chairman, Godfrey Burley, and Len Wright, and one business partner will keep the shares they have already been awarded for previous rail franchise gains. Their stake in Prism was worth £35m at last night's closing price of 550p, down 30p on the day. The shares have soared since they were placed at 100p on the Alternative Investment Market a year ago.

Prism said that following "consultations with certain major shareholders" it was terminating the share ratchet scheme that had operated on passenger rail franchises awarded so far. "This reflects the company's

bidding success and the fact that the continuing need for a ratchet mechanism no longer exists," Prism said.

Instead, Prism will fund the costs and expenses of tenders for the remaining rail franchise tenders by converting the appropriate amount of existing deferred shares held by the directors into ordinary equity. This will be based on the mid-market price of Prism's shares at the time that the preferred bidders are announced. Directors will be allowed to subscribe to any rights issue needed to fund a new franchise win.

It was the award of West Anglia Great Northern, Prism's latest rail franchise, that provoked



Sharing it out: The seven directors, including Godfrey Burley (left) and Len Wright, will keep the shares they have already been awarded for previous rail franchise gains

a storm of protest about the directors' share bonanza.

They were granted free shares worth £5.4m as part of a £12m rights issue to help fund the contract to run the heavily subsidised line, which runs from London to Stansted

Airport, Cambridge and Peterborough.

Some commentators estimated that the cost of capital to Prism's shareholders of that deal was as high as 50 per cent. A company spokesman denied institutional shareholders

had revolted against the ratchet scheme. "The directors want the company to appear mature and reflect the public mood."

However, a leading fund manager insisted that leading investors had let it be known they were unhappy with the scheme.

£100m PO cuts aimed at bosses

Chris Godsmark

Middle and senior managers in the Post Office are to be hit by a £100m cost-cutting programme. John Roberts, chief executive, also announced yesterday a further 15-month freeze in the price of postage stamps lasting until April 1998.

The cost cuts are in response to competitive pressures from other forms of information delivery such as fax machines and electronic mail. Money will be saved by rationalising administrative tasks such as the computer payroll and managerial jobs would "inevitably go" through natural wastage and voluntary redundancy.

The Post Office employs 13,000 managers in regional and national headquarters offices out of a total workforce of 180,000. The plans will be finalised by May. However, the programme

could prove controversial as it will hit managers at the same time as plans to introduce flexible working affecting the main Royal Mail workforce.

Joint working parties appointed to head off further industrial action over the plans have started meeting, with £30m set aside by the Post Office as an incentive to staff to accept the changes. These could include team working and changes to the way mail is delivered.

Meanwhile, the freeze on postal charges means that prices will remain unchanged for 22 months since the last increase in July 1996, when the price of first-class stamps was raised to 26p. Lifting prices by another 1p this year would have raised £150m. The freeze was made possible because the Government has only marginally increased the cash it intends to take from the Post Office in the coming financial year.

Tesco sales pressurise Sainsbury

Nigel Cope

Tesco increased the pressure on arch-rival Sainsbury yesterday with better-than-expected Christmas sales figures.

Tesco said in the 21 weeks to 5 January total sales growth was 13 per cent with like-for-like sales 8 per cent ahead. In the five weeks covering the Christmas and New Year period, like-for-like sales were 7.5 per cent ahead of the same period last year. The figures were ahead of the industry average of 5.9 per cent and analysts will be looking ahead to Friday when Sainsbury releases its Christmas trading statement.

Bill Myers at Henderson Crosthwaite said: "At first glance the market will obviously think that if Tesco is doing well then they must be hurting somebody and that that somebody is Sainsbury. I think Sainsbury's figures will probably be okay. But not as good as Tesco's."

Ruby MacNeary of NatWest Securities said: "These figures put pressure on Sainsbury to come up with something good on Friday. They need to be better than 3 per cent. Even 4 per cent would only be stopping the rot."

Separately, Budgets reported a 4.5 per cent increase in like-for-like sales yesterday and chief executive John

von Spreckelsen said the additional market share was coming from the smaller independent retailers as well as some of the middle-ranking supermarket groups. These include Iceland, Kwik Save and the Co-Op movement.

Tesco's sales increase was boosted by its "Unbeatable Value" promotion launched in September. The number of customers has increased and holders of the group's Clubcard loyalty card have been spending more per store visit. Tesco said Clubcard members had received £56m of money-off vouchers in November.

Lord MacLaurin, chairman,

would not be drawn on profits but said he looked forward to reporting "a good set of results in April". Tesco's figures helped the shares 2p higher at 369p while Sainsbury drifted 5.5p lower at 391p.

Somerfield, the former Gateway Foodmarkets group, will report today on its first full trading period since its troubled stock market quote last summer.

NatWest Securities is expecting Somerfield's half-year profits of £54.5m. Though the price of Somerfield shares was twice out to ensure the float got away they have been strong recently and closed at a peak of 174p yesterday.

IN BRIEF

• The Lloyd's of London insurance market will almost certainly recommend a move towards external supervision and away from its current self-regulatory status, senior market watchdogs said. "I would be surprised if the regulatory review does not recommend some sort of external overview," David Gittings, director of Lloyd's regulatory division, said. A review group set up in 1996 to consider market regulation is due to report by the middle of this year. The Conservative Party said in 1995 that it would review Lloyd's regulation in 1997, while Labour is expected to carry out a review of all financial services regulation if it forms the next government, he added.

• The London Stock Exchange published rules governing the American-style automated order book for FTSE 100 stocks, due to be introduced later this year. This will enable member firms and market-users to prepare for customer testing which begins in April. Responding to the market's comments on opening hours, the pre-opening time for the inputting of orders has been reset at 8am (from 7.45am) with opening now fixed at 8.30am (from 8am). Suspensions of automated execution in a specific share will also be introduced in response to a 10 per cent price movement (previously 5 per cent) and for no more than 10 minutes (from 15 minutes).

• Reed-Elsevier is in advanced talks to buy Colofon, a Dutch publishing group, for about £70m. The deal is expected to enhance earnings in the first year and should be completed in a few weeks, the Anglo-Dutch publisher said in a statement.

• Abbey National is buying a 5 per cent stake in Dah Sing Financial Holdings, one of Hong Kong's leading commercial and retail banks, for HK\$381m (£30m). Last year Abbey, Dah Sing and Hambros, the merchant bank, set up a private banking joint-venture. Peter Birch, chief executive of Abbey National, said: "This investment continues Abbey National's cautious approach to developing business in Hong Kong and South-east Asia. Dah Sing and Abbey National are looking at possible areas for future co-operation in both the wholesale and retail business."

• The environment created by such institutions as government, the civil service, the professions and the education system is to blame for British manufacturers' inability to close the gap with competitors, according to a report to be published next month. The study, *Reassessing the Context of Manufacturing Success*, by the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) is based on interviews with senior industrialists, policy-makers and academics and covers some of the same areas as today's long-awaited report, *Promoting Prosperity*, by the Commission on Public Policy.

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£250,000-£499,999	6.375% gross	5.10% net	£5,000-£24,999	5.875% gross	4.70% net

GROSS RATE is the contractual rate of interest, payable net taking account of the deduction of income tax at the lower rate. NET RATE is the rate which would be payable after allowing for the deduction of income tax at the lower rate. The Tax Deduction Scheme for Interest (TDSI) may vary and, therefore, the net rate is given as an illustration only. Tax will only be deducted in those cases where the Bank is obliged to do so. A quarterly interest payment option is also available to Barclays Business Account holders. Availability is limited. Further details available on request.

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Majestic buoyant on bubbly sales

Nigel Cope

Buoyant sales of champagne and Chilean wine helped Majestic Wine Warehouse to a spirited Christmas performance in its maiden results since last November's AIM flotation.

While most of the champagne-buying was seasonal, the company said it had sold large quantities of vintage bottles to forward-thinking party-givers who are already planning ahead to New Year's Eve celebrations at the millennium.

Majestic has been urging customers to buy their bubbly in advance of 1999 when it will make "very good drinking". Majestic has pre-sold some champagne which it is storing for delivery for the Millennium parties.

The comments came as Majestic announced a slip into the red in the first half to September. Profits of £114,000

turned into a loss of £82,000 as the company continued to invest in store expansion.

A further two stores were opened in November taking the total to 61. Another site will open in Manchester next month. Majestic plans to have 70 stores by March 1998.

"We have got several now at an advanced stage both legally and in terms of planning applications," said Tim How, the chief executive.

The expansion will be funded from existing resources which were boosted by the £2m raised via the group's AIM flotation last year.

Majestic recorded impressive gains with sales in the three months to 30 December 22.4 per cent ahead of the same period last year. Stripping out the contribution from new stores, like-for-like sales growth was also impressive at 10.8 per cent. For the five weeks over

Christmas, like-for-like sales were up by 12.7 per cent.

Majestic has proved a sterling performer since its shares were priced at 160p in November. Yesterday they edged up a further 2.5p to 290p.

Most of the wine market is accounted for either by super-markets or by high-street off-licence chains such as Threshers and Victoria Wine. However, Whitbread is testing a warehouse-style off-licence formula which sells beer and spirits as well as wine.

Majestic was acquired by the current chairman John Aporthorpe who controlled a rival chain, Wizard Wine. Mr Aporthorpe had made his fortune through the sale of the Bejam frozen food stores to Iceland. He still controls 55 per cent of the shares.

The directors have pledged not to sell the bulk of their shareholdings until 1998.

Saltire hit by strong sterling

Saltire, the struggling electronics distributor formerly known as Cannon Street Investments, saw its shares slide 14p to 77.5p after warning that the strong pound would hit profits, writes Magnus Grimond.

The news prompted UBS, the group's broker, to slash its estimate for last year from £3.2m to just £600,000 and from £4.2m to £3.5m for the current year.

Saltire said weak continental demand for the Altai range of electronic products was being exacerbated by sterling's gains.

A second problem has been Saltire's Network operation in Romania, which is involved in managing and supplying technology and components for a state-owned television manufacturing line. A lack of hard currency has prompted the group to limit the supply of components and profits have been hit as a result.

Finally, the group said the performance of its Maplin catalogue and high street retailing operation in the UK had been held back.

Ushers heads to the stock market again

Tom Stevenson
City Editor

Ushers of Trowbridge is having a second stab at floating on the stock market, two years after its first attempt was pulled. News of the planned issue, which is expected to give the regional brewer a market value of up to £130m when shares start trading in February or March, accompanied results for the year to October showing a 9 per cent rise in operating profits to £16.9m.

Ushers first tried to come to market three years after a management buy-in from Grand Metropolitan was followed by the acquisition of a 430-strong

pub estate from Courage. Market conditions were against the first attempt, compounded by worries that a brewing contract with Courage would expire without the business being replaced.

Roger North, chief executive, said yesterday Ushers had created a strong contract brewing business to replace the Courage contract which ran out in November. Ushers has rebranded and refurbished its estate, which numbers 542 mainly tenanted pubs. The brewer's own ales have been introduced throughout the pub chain and Ushers' beers account for 65 per cent of sales from a standing start.

Company Results				
	Turnover £	Pre-tax £	EPS	Dividend
Ashtead Group (1)	74.4m (43.1m)	14.4m (8.7m)	7.83p (6.47p)	0.72p (0.62p)
Budgens (1)	183m (171.8m)	5.04m (4.29m)	2.3p (2.08p)	0.4p (0.35p)
Paropak (1)	30.7m (16.8m)	1m (364,000)	2.77p (nil)	2.75p (2.45p)
Heritage Bathrooms (1)	8.48m (7.35m)	1.98m (1.21m)	7.4p (5.3p)	2.2p (1.82p)
Majestic Wines (1)	21.94m (17.18m)	-82,000 (114,000)	-4.28p (2.07p)	nil (-)
Wille Group (1)	91.34m (72.06m)	3.25m (2.5m)	3.2p (2.6p)	0.9p (0.72p)
Sea Country Homes (1)	-	79.89p (-19,732)	0.84p (0.35p)	nil (nil)

(1) - Final (1) - Interim (1) - Nine months

Ashtead still towers above the rest

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Ashtead has always stood out in the depressed construction sector. When recession hit in 1990, the plant hire specialist quickly reinvented itself, gradually reducing the amount of direct construction work in the UK from almost 100 per cent to about 25 per cent through a series of acquisitions, mainly in the US, where the rental market is less developed.

It proved to be an inspired move. Unique among rivals such as Vibroplant and Hewden Stuart, Ashtead's profits and earnings have continued to bound ahead, despite hire rates for traditional equipment in the UK such as dumper trucks and compressors being at least 30 per cent below their peak at the start of the decade. In the second quarter rental rates for some products touched record low levels and no pick-up is forecast in the foreseeable future.

Even Ashtead has felt the pinch, with operating margins in UK plant hire slipping by over three percentage points to 17.3 per cent in the six months to October. But a marketing-led approach and decentralised management structure, including an innovative monthly profit share scheme for staff, mean Ashtead continues to grab market share in tough market conditions.

Interim net profits have risen 10-fold in the past five years and the 18 per cent improvement in earnings per share to 7.83p was struck after integrating Ashtead's biggest acquisitions - McLean Rentals in the US and Leads Acrow in the UK - for a rights issue of £52m. The figures are all the more impressive because they include just £800,000 from the sale of retired equipment against £5m for the whole of last year, while £5.4m was charged against the profit and loss account for spares and parts against £2.4m in the corresponding period.

The US, currently almost a third of sales, is earmarked for further growth. Peter Lewis and George Burnett, Ashtead's founders, reckon rental rates are twice as high across the pond and the fragmented market there is ripe for consolidation. Ashtead operates out of 26 locations in eight US states but the target is to double this by the spring of 1999.

Mr Lewis and Mr Burnett were so encouraged by the reception they got on a US roadshow in October that they are looking into floating Ashtead on the New York stock market this year.

They note that the sector is developing a following among American investors and two US plant hire groups recently went public on stratospheric price/earnings multiples. Certainly, Ashtead is right to go down this route. Its US business alone could be worth more than Ashtead as a group.

History suggests caution. The problem is the US has proved a graveyard for UK players in the past. A year ago, for example, Vibroplant pulled out of the American plant hire business.

Ashtead, with its proven track record, may fare better. But on BZW's forecast of £29m at the pre-tax level the shares, down 3p at 230.5p, look about right on a PE ratio of 15 falling to 12 the following year. Hold.

Mighty Mitie is cleaning up

When the seasoned investor unearths a company whose acronym stands for "management incentive through investment equity", he could be forgiven the temptation to run a mile. Mitie, a cleaning to building services contractor, is just one of the latest models in the long and chequered history of those claiming to have discovered the holy grail of management motivation.

Predecessors have included the ill-fated Cannon Street Investments and Southern Business Group, whose problems were solved by a takeover.

Mitie's own brand involves finding

thriving management teams and wrapping them in a cocoon of administrative, financial and marketing support. This all-embracing parcel is then tied

up with a minority stake in the resulting Mitie subsidiary, which can be bought out or swapped for a tax-efficient stake in the top company's quoted shares after five years. Thus far, the formula has been a runaway success: only one of Mitie's managers has elected to sell out of a group which now comprises 47 subsidiaries. More importantly, compound earnings growth has run at 22 per cent since 1990, a record which looks set to be at least equalled in the current year.

Yesterday the group reported a 28 per cent rise in pre-tax profits to £3.25m for the six months to September. After a strong performance on Friday the shares slipped 4.5p to 194p but they are still several times the 34p they were at five years ago.

Mitie looks more solidly based than many of its predecessors at this game. Management, led by the chairman, David Telling, have plenty of experience in the business. They also appear to be vacuuming up business being cast off by the big facilities management groups. Contracts ranging from a £1m job cleaning Barclays branches in the Midlands to refurbishing London's Claridges hotel, expected eventually to be worth over £10m, look juicy.

With less than 2 per cent of some extremely large markets, Mitie also has plenty of opportunity to grow. Margins, around 3.5 per cent, are well on the way to 5 per cent and profits of £8.1m are in prospect for the current year, putting the shares on a forward multiple of 25, falling to 20. Not cheap and the market in the shares is thin, with 60 per cent in management hands, but Mitie could be the next Rentokil.

Outlook rosier at Budgens

At first glance Budgens is not in an enviable position. Sandwiched between the superstores and the discounters it has lost its primary shoppers to one group and the bargain-hunters to the other. With a market share of just 0.4 per cent it is clearly a minnow among whales and its brand is hardly the strongest.

It is not the rosier of scenarios but in spite of all this Budgens' future is not as black as it seems. Since management under John von Spreckelsen abandoned the failed Penny Market discount format to concentrate more on fresh foods, Budgens' fortunes have been improving. Even the stormy relationship with German shareholder Rewe, which holds a 39.9 per cent stake, seems to have calmed down.

Yesterday's results continued the consolidation. Half-year pre-tax profits up 17.7 per cent to £5m were in line with expectations and the like-for-like sales increase of 4.5 per cent was creditable. Margins have edged ahead due to buying efficiencies gained through membership of a £31m buying consortium which also includes Lonsdale and Costcutters.

Budgens now concentrates on offering a convenient high street location for consumers to buy their top-up shops. One of the most interesting parts of its strategy is to develop small stores on petrol forecourts through joint ventures with Q8 and Mobil. Budgens is not alone in this area and some smaller formats of the superstore groups could form formidable competition. But Budgens could steal a march on some competitors as its joint venture deals give it a ready access to good sites.

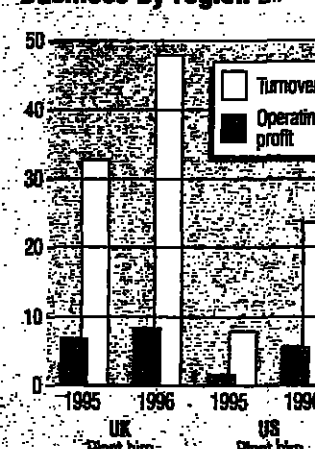
Finally, if Budgens cannot trade its way to a degree of success, shareholders could benefit from possible speculative interest. At 45.75p, down a penny yesterday, the shares are not at much of a premium to net asset value of 42p. As out-of-town planning restrictions bite, Budgens' high street locations could eventually prove attractive to a larger competitor. With Henderson Crosthwaite forecasting full-year profits of £8.8m, the shares trade on a forward rating of 13. About right.

Ashtead Group: At a glance

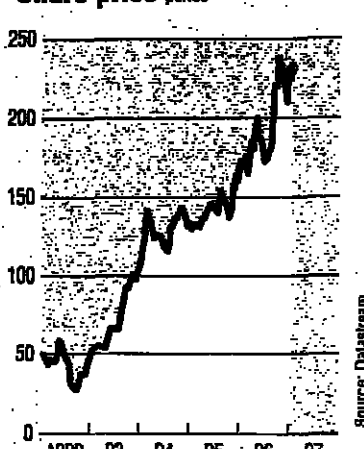
Market value: £318.1m, share price 230.5p

Trading record	1994	1995	1996	1995	1996
		full year		half year	
Pre-tax profits (£m)	7.0	13.6	16.8	8.7	14.4
Operating profits (£m)	2.0	10.7	14.6	6.4	7.8
Dividends per share (pence)	1.73	2.33	3.04	0.62	0.72

Business by region £m



Share price pence



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Economic management is not a party political issue. True or false?

So now we know. Labour is committed to following broadly the same personal taxation and public spending policies as the present Government. What does this mean for the business and financial community?

There has been an undercurrent of opinion in recent months that, once the election is out of the way, both taxes and interest rates will have to rise. This, it has been argued, would occur whichever side won the election, the import being that pre-set policies are not sustainable. If you believe this, then neither political party has credible policies: the Tories did not have them, and now Labour has fallen into the same trap. But if you believe what Gordon Brown says and the broad shape of British fiscal and monetary policy will be much the same under either party, at least the first question has become very clear: is that undercurrent that Britons face higher taxes and interest rates right?

On interest rates the answer is easy: yes. The UK interest rate cycle is heading upwards and will do so for the next couple of years. Remember that only very short-term interest rates are set by the authorities, and that a rapidly growing economy will put pressure on the available resources, real and financial. So we will have higher interest rates this year and the only issue is how high they will go.

Now taxes. Taxes in aggregate only have to rise if either public spending is not held to present targets, or the present tax levels narrow down the Public Sector Borrowing Requirement insufficiently slowly.

On the spending side the current fashion is to say that the Government's spending plans are not credible, for two reasons. One is that they are based on short-term policies which cannot be sustained through the life of the next parliament: that they are holding down public sector pay in an

unrealistic way, and have cut some long-term spending programmes, particularly on infrastructure, to an unsustainable level. The other reason is that there are structural demands on public spending—more obviously from the ageing population, but also from higher expectations from an electorate accustomed to quality services from the private sector—which any new government will have to meet.

There is a problem here on both fronts. The short-term criticism is at least partly true, and a continued squeeze both on public sector pay and on infrastructure projects would probably be more difficult to sustain under Labour than under the Conservatives. As for the demand for quality services, Labour would face just as much demand as the present government. Indeed during its years of opposition it has contributed to the idea that the prime problem of the quality of public sector services has been "Tory cuts".

But none of this need mean that Labour would be unable to deliver the same spending total as the Conservatives. In the short term it could do it if it wanted to simply by saying no: in the long term it could do so by putting even more pressure on the public sector to improve its efficiency. Question: is



Hamish McRae

One thing may come right. The UK may be able to sustain a lower unemployment rate than it has in the past

Labour likely to be a more competent manager of public sector services than the Conservatives? On past performance the answer would have to be no, but the 1970s were a long time ago.

Finally, is the Government narrowing the PSBR sufficiently quickly? Here is surely the best news for the winner of the next election. The PSBR is

declining quite fast. Have a look at the graph. The blue bars show the government deficits (in our case the PSBR) for 1996, 1997 and 1998 for the UK, Germany and France. The forecast comes from a respected market source, Deutsche Bank Research—you have to take a market forecast, for you cannot trust governments when it comes to projecting fiscal out-turns. The actual percentages may be wrong but the direction is very clear: the PSBR is whizzing down. And it is projected to go on coming down when that of both France and Germany are stuck at around the 3 per cent of GDP level.

Is that because the UK economy is closer to capacity than France or Germany? Well, in the case of France, yes, but not really in the case of Germany. The red bars show output gaps as calculated by the OECD. These too are coming down but there is still a little slack from the UK in 1998. It would be difficult to run an economy without slack, and all these OECD output gap calculations may be wrong, but we are clearly within a percentage point or so of having a balanced budget if the economy were running close to full output. And a deficit of 1.5 per cent of GDP would be low enough to start cutting back the national debt as a proportion

of GDP for growth ought to be able to average 2.5 per cent. We are, on those figures, closer than Germany at stabilising the debt burden, while for France the problem is getting to full output in the first place.

To be clear the UK fiscal position is not wonderful. A new government would have to accept that, unlike France and Germany, there will be relatively little scope for further privatisation to bolster revenues. But the position is not dreadful, either. There is no absolute necessity for increasing taxation in order to speed up the correction of the PSBR unless there is some unforeseen and expensive disaster.

In any case one very important thing may come right. The UK may be able to sustain a lower rate of unemployment than it has in the past. No-one knows the minimum level of unemployment that the economy can manage to run without leading to higher inflation. But if it were, say, the same as the US, now at 5.3 per cent, instead of the OECD estimate of 6.5 per cent, then the capacity of the economy would be higher and demand on public spending would be lower. Get unemployment down and all sorts of other things come right. Mr Brown is committed to such a policy, though whether he fully understands the need for flexible labour markets (and the element of insecurity associated with them) is not clear.

If this line of argument is right, then there are important implications for British business and for investors in the country too. Suddenly, with Mr Brown's statement on tax and spending policies, UK economic management is no longer a party political issue. There is, within broad limits, a new stability of policy. A new government would carry on the broad path already set. That path is more or less credible. So the question is simply: "Do we believe what politicians say?"

BA plays safe on the truth about air crashes

PEOPLE & BUSINESS



Fear of flying: Expect more crashes as traffic increases

The Economist recently flagged an investigation into "How safe is your airline?" on its cover, a blood-curdling series that suggested air crashes would probably rise with world air traffic.

British Airways, which has an arrangement to distribute 5,000 copies of *The Economist* free to passengers, decided to take no copies. Several US airlines did the same.

Bill Emmott, editor of *The Economist*, is not impressed: "Some third-world countries ban us when we write about their nasty countries—we're regularly banned by Indonesia. I'm surprised to find BA in that company. This is unprecedented, and rather weak-willed of them. Boeing gave us a call, congratulating us on our balance and good research."

A BA spokesperson hit back: "We didn't want to cause unnecessary anxiety to our passengers. If [the issue] looks in depth at air crashes over the past few years. In the same way, we don't show aircraft disaster movies to passengers."

On a happier note for BA, Concorde celebrates the 21st anniversary of its first commercial flight today. In that time more than 2 million passengers have flown on BA's supersonic flagship in the utmost safety.

BA says: "More than 80 per cent of Concorde passengers are business people and an increasing number go to the US and back in a day. For them, the cost of a day-return ticket to New York represents real value for money, saving the two days of travelling and the added expense of hotel accommodation."

Wonderful. That certainly puts my fears about rising bus fares in perspective.

Is Lord Palumbo planning a new City club? He is already a director of Capital Club, a private establishment near the Bank of England opened three years ago by owner Dieter Klosterman, who also

owns Brocket Hall. Capital Club offers elegant dining and hotel facilities right at the heart of the City.

I ask this question because City Acree Property Investment Trust, a company owned by Lord Palumbo, has applied to the City Corporation for permission to change the use of 37a Walbrook, a building he already owns and a stone's throw from Capital Club, "from office building to private club".

Needless to say the launch of a new club just behind Mansion House and so close to Capital Club might be seen as competition. As a spokesman for Capital Club puts it: "I don't think the City needs another club. I don't think it wants one."

Mike Longshaw, managing director of Capital Club, adds: "It's certainly news to me. I haven't heard anything about this. Perhaps it'll be a second Ministry of Sound." For those readers living outside London and over the age of 30, I should explain that the Ministry of Sound is a "hip" nightclub owned by Lord Palumbo's son, Jamie Palumbo, in Elephant & Castle.

Sadly, a call to 37a Walbrook, where Lord Palumbo has set up office while his nearby property development at Number One Poultry is

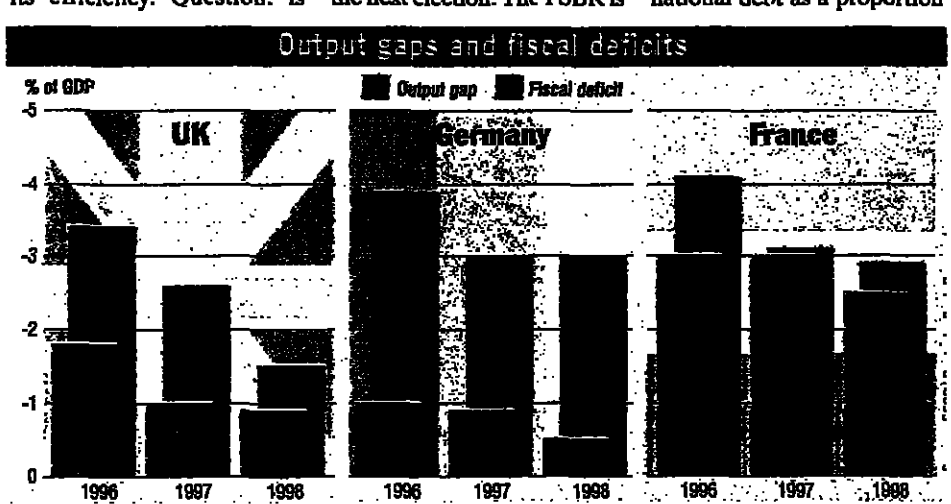
completed, failed to elicit a response. Never mind. I look forward to my invitation to the first "rave" night in his exciting new club soon.

Just as you're beginning to recover from the ill-effects of festive over-indulgence, along comes Burns Night to ruin all your New Year resolutions. Neil Clark, a firm of Glasgow lawyers which has done due diligence work for 34 AIM flotations, is having a London Burns "luncheon" for journalists today, in advance of the Scottish bard's birthday on Saturday.

The beano at the City's Waterman's Hall will include a cornucopia of Scottish fayre such as Cock-a-Leekie, Haggis, Hoggart (lamb) and Cranachan (treacle shortbread), as well as a "blind" mature whisky-tasting.

Ross Macdonald, Neil Clark's managing director, has promised to "address the haggis" which will be piped into the court room. A spokesman says: "The date has been carefully selected in advance of the official Burns Night to allow the directors and management team to recover in time for the Scottish lawyers' bash later in the week." You mean there's more? Pass the Alka Seltzer.

John Willcock



Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark	Spot	1 month	3 months
US	1.6272	1.6	1.6229	1000	24.22	24.22	24.22
Canada	2.2276	54.48	104.55	13362	24.22	24.22	24.22
Germany	2.7001	69.61	205.93	12540	30.28	30.28	30.28
France	3.1082	217.98	640.68	54765	289.28	289.28	289.28
Italy	2.8127	25.40	45.67	37510	27.28	27.28	27.28
Japan	189.57	55.91	231.278	17238	44.47	44.47	44.47
ECU	1.3655	1.36	1.36	1.36	1.36	1.36	1.36
Sweden	55.567	5.1	10.10	12340	7.5	7.5	7.5
Denmark	12.252	222.77	655.59	6165	98.79	98.79	98.79
Netherlands	335.33	92.74	240.228	14851	38.27	38.27	38.27
Ireland	10.233	5.1	10.10	12340	7.5	7.5	7.5
Norway	106.26	100.90	380.270	63508	30.25	30.25	30.25
Spain	225.35	5.5	10.10	12340	7.5	7.5	7.5
Switzerland	117.22	220.90	690.580	70220	41.16	41.16	41.16
Australia	2.3471	65.78	230.228	1416	40.37	40.37	40.37
Malaysia	2.3471	65.78	230.228	1416	40.37	40.37	40.37
New Zealand	2.3471	65.78	230.228	1416	40.37	40.37	40.37
Saudi Arabia	6.2558	0.0	0.0	3.7504	1.4	1.4	1.4
Singapore	2.3394	0.0	0.0	14054	24.19	24.19	24.19

Other Spot Rates

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	16530	0.0996	Nigeria	31.283	79.000
Austria	13.9522	74.293	Oman	0.6403	0.3850
Brazil	1.7344	1.0408	Paraguay	60.750	40.750
China	13.7772	8.2556	Philippines	43.523	28.500
India	5.6500	3.4051	Portugal	6.029	16.150
Indonesia	1.5657	1.0	Romania	3.4755	3.4755
Ghana	2.8751	177.100	Russia	823.588	56.200
Greece	420.264	252.750	South Africa	7.227	45.470
India	15.6578	9.7500	Switzerland	43.523	28.500
Kuwait	0.5073	0.3014	UAE	6.033	3.6732

Forward rates quoted high to low are at a discount; a discount to spot rate is at a premium.
*Dollar rates quoted as reciprocals.
For the latest foreign exchange rates call 0891 123 3033.
Call cost 50p per minute (day rate) 40p other times.

Interest Rates

UK	6 month	Germany	2.50%	US	3 month	Japan	0.50%
Base	6.00%	Discount	4.50%	Prime	5.75%	Discount	2.50%
Intervention	3.75%	Canada	4.75%	Fed Funds	5.00%	Central	5.00%
Discount	7.5%	Denmark	5.00%	10-Day Repo	6.00%	Switzerland	4.00%
Advances	2.50%	Denmark	3.25%	Repo (1yr)	4.00%	Lombard	4.25%

Bond Yields

Country	5yr	10yr	15yr	20yr	30yr
UK	7%	7.07%	7.1%	7.1%	7.1%
US	6%	6.30%	6.5%	6.5%	6.5%
Japan	5.5%	5.7%	5.8%	5.8%	5.8%
Australia	9.1%	8.8%	8.7%	8.7%	8.7%
Germany	5.0%	5.2%	5.3%	5.3%	5.3%
France	5.5%	4.4%	5.6%	5.6%	5.6%

Money Market Rates

Overnight	7 Day	1 Month	3 Months	6 Months	1 Year
Interbank	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Local Authority Depos	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Discount Market Depos	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
Treasury Bills (91d)	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4
EURO Bank Rate	5 1/4	5 1/4	5 1/4	5 1/4	5 1/4

Tourist Rates

E Buys	2070	France (Paris)	88330	S Buys	22880
Australia (Sydney)	164700	Germany (Frankfurt)	28275	New Zealand (Auckland)	103380
Belgium (Brussels)	140700	Greece (Athens)	415000	Portugal (Lisbon)	282000
Canada (Toronto)	125700	Hong Kong (Kowloon)	225700	Spain (Madrid)	265500
Cyprus (Nicosia)	07820	Italy (Rome)	09325	Sweden (Stockholm)	115770
Denmark (Copenhagen)	07820	Japan (Tokyo)	2573000	Switzerland (Zurich)	22870
Finland (Helsinki)	22870	Malaysia (Kuala Lumpur)	165500	Turkey (Istanbul)	1654000
		Malta (Valletta)	05550	USA (New York)	16500

Life Financial Futures

Contract	Settlement price	High/Low for day	EstConts	Open interest
Long GB	111.00	110.80	75.41	18101
Short GB	111.00	110.80	75.41	18101
Long US	101.36	101.36	123555	223021
Short US	101.36	101.36	123555	223021
Long Euro	101.36	101.36	123555	223021
Short Euro	101.36	101.36	123555	223021

Life FTSE Index Option

Series	4100	4150	4200	4250	Call/Put
Jan	133.25	95.37	83.55	38.79	---
Feb	150.53	109.88	87.88	80.12	---
Mar	165.78	124.84	94.74	107.14	---
Apr	200.81	167.07	122.14	127.14	---

Energy

Contract	Settlement price	High/Low for day	EstConts	Open interest
Long Oil	111.00	110.80	75.41	18101
Short Oil	111.00	110.80	75.41	18101
Long Gas	101.36	101.36	123555	223021
Short Gas	101.36	101.36	123555	223021

Commodity Indices

Index	Settlement price	High/Low for day	EstConts	Open interest
Oil	111.00	110.80	75.41	18101
Gold	101.36	101.36	123555	223021
Silver	101.36	101.36	123555	223021
Copper	101.36	101.36	123555	223021

Latest Unit Trust Prices

Stock	Sell	Buy	Yield	Stock	Sell	Buy	Yield
ABN AMRO	1.00	1.00	1.00	ABN AMRO	1.00	1.00	1.00
ABN AMRO	1.00	1.00	1.00	ABN AMRO	1.00	1.00	1.00
ABN AMRO	1.00	1.00	1.00	ABN AMRO	1.00	1.00	1.00
ABN AMRO	1.00	1.00	1.00	ABN AMRO	1.00	1.00	1.00

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Industrial Metals

Contract		Settlement price
Long Gld	(Mar 97)	711.00
German Gov. Bd	(Mar 97)	703.00
Italian Gov. Bd	(Mar 97)	703.00
Spain Gov. Bd	(Mar 97)	725.00
3 Mth Sterling	(Mar 97)	536.1
3 Mth Euromark	(Mar 97)	62.38
3 Mth Euribor	(Mar 97)	62.38
3 Mth Euroyen	(Mar 97)	56.93
3 Mth Euroswiss	(Mar 97)	63.43
3 Mth ECU	(Mar 97)	54.00
3 Mth ECU	(Mar 97)	59.41
3 Mth ECU	(Mar 97)	59.10
3 Mth ECU	(Mar 97)	59.10
FTSE 100	(Mar 97)	5603
FTSE 250	(Mar 97)	8611
FTSE 250	(Mar 97)	42310
FTSE 250	(Mar 97)	42310

Liffe FTSE Index Options		
Settlement price:	4191.00	close
Series		4100
Jan		53325
Feb		55953
Mar		56775

Precious Metals

Platinum	Settlement price	High/Low for day	EstConts	Open interest
Platinum	111.00	110.80	75.41	18101
Platinum	111.00	110.80	75.41	18101
Platinum	111.00	110.80	75.41	18101
Platinum	111.00	110.80	75.41	18101

Agricultural

Cocoa	Settlement price	High/Low for day	EstConts	Open interest
Cocoa	111.00	110.80	75.41	18101
Cocoa	111.00	110.80	75.41	18101
Cocoa	111.00	110.80	75.41	18101
Cocoa	111.00	110.80	75.41	18101

Other Softs

Softs	Settlement price	High/Low for day	EstConts	Open interest
Softs	111.00	110.80	75.41	18101
Softs	111.00	110.80	75.41	18101
Softs	111.00	110.80	75.41	18101
Softs	111.00	110.80	75.41	18101

Stocks

High/Low		EstCosts traded	Open interest
11:08	10-8	7541	81631
11:15	101-2	17389	230321
11:20	101-2	1027	1027
11:25	102-4	833	n/a
11:30	102-4	10000	10000
11:37	98-33	10250	82290
11:40	98-39	15438	245550
11:45	98-37	14687	15438
11:45	98-45	14094	38854
11:50	98-45	15349	15349
11:54	98-4	5	n/a
11:59	99-01	6294	47736
12:00	98-00	327	327
12:02	98-00	491	10525
12:03	98-07	5851	5851
12:05	98-00	16423	61729
12:25	97-50	0	5762

on offer price			Total/Put
150	4200	4250	Call/vols
63/37	83/55	38/73	--
16/83	87/89	80/12	--

sport

A Lions captain must command his place on merit. We do not know yet whether Wainwright will be able to do this

This morning I am in good spirits, not only because Wales beat Scotland, but also because I put £100 on them and France in a double which came off. I do not suppose I shall get much back, though I paid the tax first; but it is better than the proverbial slap in the face with a wet had-dock. I also put £100 on France at 15-8 to win the Five Nations' Championship, England were 11-10 and Wales 6-1.

The latter was, I thought, an attractive bet. It looks even more attractive today. But I still think Wales will lose to France at Parc des Princes, and that France will beat both Scotland and England. I also take Wales to make short work of Ireland at Cardiff and to beat England there as well, even if it takes a little

longer. So my prediction is France to win the Grand Slam and the championship, Wales the Triple Crown.

In some ways I hope I am incorrect. It would be marvellous to see Wales win the title, though I should be more than £100 worse off as a result. It would be almost as gratifying if Scotland and Ireland recovered from their bad starts. The Five Nations is, in my opinion, not merely the greatest rugby but the greatest sporting competition in the world. Its attraction lies in its unpredictability. In recent years France and England have tended to come out top too often for the good of the competition.

The performance of Wales, at any rate, indicates that times may be changing. And, if the Five Nations has survived the foolishness of many

(predominantly English) persons in the new era, then so have the Lions, who go to South Africa in the summer. It was surprising that so much comment on the Scotland-Wales match had a Lions twist to it.

Understandably, the Ireland-France encounter generated less talk of this nature, though even here the Irish television commentator suggested that Jeremy Davidson would be a strong contender for the Lions second row. I can think of five other stronger candidates offhand. But let that pass.

The most flagrant case of pre-match puffing concerned Rob Wainwright for the Lions captaincy. He is what I call the E W Swanton candidate. I know perfectly well that the venerable journalist writes chiefly



ALAN WATKINS

about cricket. But he has written about rugby as well. He embodies what I have in mind. If a player of moderate abilities is a former public schoolboy, a Cambridge Blue and an Army officer – all of which Wainwright is – the Swantons of this world at once get together to demand

that he should be made captain.

Wainwright is, as it happens, a player of more than moderate abilities. He is a very good player indeed, but as a No 8 rather than as a No 8. It may be that a Lions first-choice back row would consist of him, Scott Quinnell and AN Other. But it is too early in the international season for us to judge. A Lions captain must command his place on merit. We do not know yet whether Wainwright will be able to do this.

Certainly his comments after the match were ill judged. If Scotland were, as he maintained, the victims of bad luck, it was his task to raise their spirits. This he singularly failed to do. He is certainly no challenge to Quinnell at No 8.

Quinnell is similar to Dean Richards, not so much in his style of play as in his effect on those around him. An England player once told me that, with Richards in the team, you felt that anything was possible and, even more importantly, that he would protect you. Quinnell has the same effect.

So has Scott Gibbs at inside centre. Allan Bateman outside him is almost the equal of Gary Connolly. It will be difficult for any country in the competition to come up with a better pair, not least because they are performing in the inside-outside roles which suit them best.

Though Jack Rowell could still pick Jim Fallon, John Bentley or both on the wing if he wanted to, the difference between England and Wales is that Wales's league players

have come home – or to Bath, Richmond or Sale – just in time, where- as England's league players are as birds of passage, such as Connolly and Jason Robinson.

At the end of *Rugby Special*, there was transmitted a rousing rendition by a male voice choir of "Cwm Rhonda" in Welsh. In 50 years of watching Wales, not only at Cardiff but until the early 1950s in Swansea as well, I have never heard the hymn sung in Welsh, always in English. Now sung in Welsh, always in English, represents the height of their aspirations. But at least the Welsh are in decent jerseys once again. They no longer look like Christmas trees. That, among other encouraging signs, is something to be grateful for.

Cork intends to recover for Test

Cricket

DEREK PRINGLE

reports from Hamilton
Northern Districts 69 and 259
England 294 and 38
England win by 10 wickets

The Dominic Cork factor continues to make its presence felt, and England's demolition of Northern Districts by 10 wickets yesterday was as much to do with his absence with an injured back as it was to do with his marvellous bowling on the first day.

Like a certain lager, Cork's unavailability seems to have reached parts of his team that no one else could reach. His colleagues' response with the ball, on a deadening pitch, was both impressive and heartening, particularly in view of his possible absence from the first Test in four days' time.

Moving gingerly, but not encased in the grimace of someone who has badly kicked their back, Cork admitted afterwards that "he felt a lot better," and that he was hoping the problem "would go away in a couple of days," and that his back would "hopefully be all right for Friday."

Unusually for a bowler, Cork claims not to have had a soft tissue injury of the lower back before, and his optimism after the gloomy rumours that it might take six weeks to heal may just be the bravado of a disappointed man. Mind you, he has recovered miraculously before, and the fact that he is not seeking expert help suggests the injury is short term rather than long.

However, his captain, despite

the joys of reaching double figures for the first time in New Zealand, appeared more guarded and refused to speculate over his thoroughbred's chances of a quick recovery.

"I thought that Dominic bowled an exceptional new ball spell on the first day," Atherton said after the match. "He's a real asset with these Kookaburra balls, which seem to swing." Unfortunately for Atherton, it is a skill few of his other bowlers can impart with any frequency, and Cork's presence is vital if there is any swinging to be done.

This meant that England had to make Northern Districts hop to a far more direct tune, with the initial bars from Darren Gough and a final chorus delivered by Alan Mullally, who finished the innings with 4 for 52. With little wind to blow him off balance, Gough's opening spell was arguably his finest of the winter. Charging in from the City End, he uprooted Matthew Bell's off stump with the third ball of the day, leaving a strokeless batsman standing transfixed over an empty stump-hole.

For seven overs Gough grunted and strained, never once sending down anything with less than maximum effort. His reward for such selfless effort was the prize wicket of the Test opener, Blair Pooch, leg before as he whipped across a straight one that clearly beat him for pace.

Pooch had scored 69 and had looked nothing like as assured as he had the previous day, his discomfort a clear testament to the aggression and pace Gough managed to generate – complementary fast

bowling tools that saw him finish with impressive match figures of 6 for 74.

As Robert Croft was mildly disappointing in his first bowl since Zimbabwe, it was a day for the fast men. When Gough was rested, there was little respite as Alan Mullally and then Craig White hit the pitch hard. But if Mullally was the more impressive – the sharp caught and bowled to end the plucky innings of Michael Parlane was particularly fine – it was Craig White who wreaked the most helmet damage, with no fewer than five clanging strikes coming from his deceptively quick and accurate bouncer.

In theory, White's pace is a handy weapon to have and it ought to give Atherton the option to play two spinners in the first Test. However, he is probably not quite reliable enough (nearly half the runs he conceded were the result of cut shots) to be the third seamer, which makes the twin spin option a risky one – particularly if Cork does not play.

Unlike the bowling, the batting line-up for the Test more or less picks itself picks itself although, with the home side scoring enough runs to make England bat again, it was inevitable that the faltering form of the England captain should again come under scrutiny.

In the event, Atherton was not cowed by a situation of having to score 35 runs for victory and he played some forceful strokes, pulling and punching as if making his way out of a large paper bag – which is what doubt really amounts to, given its flimsy constructs and shortened perspectives.

However, his epic foray into double figures was not something Atherton wished to dwell upon. "The build-up of team confidence overrides any individual needs," he said at the post-match press conference. "I'm delighted by the way we've started the New Zealand tour. Our priorities at the moment are to win these games comprehensively and we've won both in two and a half days. This is a fact not disconnected to him winning the toss on helpful pitches – two factors unlikely to be guaranteed when the show moves on to Auckland."

Third day of four, England won toss
NORTHERN DISTRICTS – First innings 69
ENGLAND – First innings 294 (10 P Thorne 71,
J P Croft 58, A R Tait 5-36, S B Syme 4-110)

NORTHERN DISTRICTS – Second innings
Overseas: 58 for 11
A P Croft 58, A R Tait 5-36, S B Syme 4-110

ENGLAND – Second innings
Overseas: 38 for 11
A P Croft 58, A R Tait 5-36, S B Syme 4-110

ENGLAND – Second innings
Overseas: 38 for 11
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Bark at the moon: A sled dog enthusiast prepares his huskies in darkness for the British Championships at Guildford

Photograph: Peter Jay

Mushers the scourge of lovers

There is a leafy lane near Northampton where courting couples never go. In almost every way, it seems ideal: secluded, picturesque and easy parking. Yet lovers only use this romantic setting once.

Picture the scene: your arm is round the one you love (or would like to). That old devil moon (the only light for miles around) is casting its magic spell. The moment is right. You lean over and... out of the darkness, lights blazing, comes a scene from Hell: a pack of wolf-like dogs howling like something from a Hammer film, hauling a man on a giant tricycle who is screaming strange words at them.

"Yes, we've disturbed quite a few cars with the windows steamed up. They don't stay for very long," admitted John Evans, husky-racing enthusiast and one of the perpetrators of this unusual contraption. "I feel a bit sorry for them. But at this time of year, night-time is the only chance we get to practise, because we work during the day."

Welcome to the world of sled dog racing, the ultimate way to parade your pooch (though nobody would ever think of these slightly sinister-looking dogs with their killer eyes as poodles). In fact, racing is almost the only way to exercise a husky. "These dogs are not pets," Evans, a founder member of the Siberian Husky Club

of Great Britain, emphasises. "As a club, our biggest expense is the rescue service, taking them back from people who find they can't cope. These dogs don't reach their height of dash-tardiness for two years – and then it gets worse."

Stories abound of huskies escaping and tearing pet cats and hamsters into bite-sized chunks. Scarcely the ideal companion, you would think. But five of the Evans' seven dogs sleep in their bedroom (most of them on the bed). "We'd get the other two in but there just isn't room," Penny says.

And this weekend at Aviemore, the Winalot British Sled Dog Championships will attract more than 1,000 dogs, a remarkable figure considering that back in 1978 the first such gathering attracted just six teams to Guildford. This year, there are 53 sled dog races, using not just huskies but samoyeds and malamutes, throughout the British Isles. It is a spectacular growth when you consider that the Sports Council refuses to acknowledge sled dog racing.

"They say the musher's input is not enough to be classified as a sport," Evans says. "That's ridiculous. There's a sight more input than Prince Philip has with his horses. I'd like to see someone from the Sports Council trying to control a two-dog sled – especially in the dark."

But even in daylight, mush-

KEITH ELLIOTT
at large

ers can never relax and enjoy an exhilarating ride at speeds up to 20 mph, because of hazards like rabbits and deer. "If the dogs see a rabbit, they will turn immediately and chase it," Evans says. "You end up in a ditch and the dogs just carry on. Then you've got to run after the rig and hope the dogs don't go too far before they get tangled up. I haven't had any broken bones – yet."

Evans is a photographer, but with his large frame and huge black beard, he could easily pass for a professional musher. In fact, he has appeared in just that role in *Frankenstein: The True Story*, *Goldeneye*, *Steven Spielberg's Cartoon Balto* as well as *Smirnoff* and *Tunes* advertisements.

He discovered huskies when he went to London to buy a camera. He saw one at Euston station and was smitten by its haughty looks, its widow's-peak face and its latent power. In-

stead of a camera, he bought a husky, though he did not know that was what it was. "We thought we had a runt malamute, because there were no pictures of huskies in books. Then we heard about a Nordic dog show, went along and discovered what we had."

The Siberian Husky Club was formed, and inevitably, racing the dogs was soon part of its activities.

Sled dog racing started in Alaska at the turn of the century. Its most famous race is probably the Iditarod, a 1,000-mile haul across hostile Alaskan terrain to commemorate a legendary dog run carrying diphtheria antitoxin to Nome from Anchorage. Nowadays such races are big business, with professional mushers and prizes of \$1m (£600,000). In Britain, you win a trophy and dog food.

Alaskans have snow, Britain, generally, does not. The racers mainly use Forestry Commission land but at first, even this was difficult. "When we phoned about the possibility of racing the dogs, they suggested we contact White City," Evans recalls.

Without snow, British enthusiasts have adapted the American training sled. This is a giant version of a kiddie's tricycle, with dogs hitched to the front and the musher ostensibly steering from a platform at the back. Evans says: "We are probably the best in the world

on our rigs, but we don't get the chance to compete because of quarantine laws." The rig will take as many as 10 but extra dogs are not always an advantage. On a winding track, manoeuvrability is more important, unless you like close encounters of the tree kind.

Huskies, which can travel at up to 25 mph, sleep outside at 40C and pull 15 times their own weight, are trained by being taught to pull a tyre, and progress to sleds. "Fitness is very important," Evans says. "Though our races are generally four to seven miles, we feed the dogs on greyhound food to give them speed, stamina and strength."

Particularly the latter. Mushers must fix restraining ropes to their rigs once the huskies are attached, or it means a long chase to retrieve them. Calling "Here, boy," doesn't work with these dogs. The only words they know are Haw (left), Gee (right) and, best of all, Hiko (go) – probably so named because that is what the unlucky musher has to do, often for miles. Even in Aviemore this weekend, the dog teams expect to be racing on paths rather than the white stuff. "We pray for snow – and then we pray for ourselves," Penny said. Her husband agrees. "You travel faster on snow. But though we have brakes, they don't stop you. It's fine when you're going in a straight line, but when it comes to corners..."

Cullinan denies India

India 410-9 and 266-8 dec
South Africa 321 and 228-8
Match drawn

An unbeaten century from Daryll Cullinan kept South Africa alive long enough for the weather to intervene and allow them to escape with a draw in the third and final Test against India in Johannesburg yesterday and win the series 2-0.

Cullinan finished on 122 not out, scored off 194 balls and including 15 fours and a six as South Africa struggled to 228 for 8 in their second innings. He received invaluable support from the all-rounder Lance Klusener, who scored 49 in an eighth-wicket partnership of 127. Cullinan's third Test century saved his team when they had looked to be heading for defeat after being set 350 to win.

South Africa collapsed to 76 for 5 before a violent rainstorm sent the teams back to the pavilion for three hours. When they re-emerged, the home side were quickly plunged to 95 for 7. But in a nail-biting last hour Cullinan and Klusener did enough to secure a draw.

South Africa's captain, Hansie Cronje, compared Culli-

nan's match saving innings with Mike Atherton's 10-hour 185 not out on the same ground last year, which saved the second Test for England. "Daryll's knock was every bit as good as Mike's and I know exactly how Sachin Tendulkar, India's captain, must have felt because we were frustrated in the same way against England," he said.

India's Saurav Ganguly and their substitute fielder, Pankaj Dharmani, are to be charged with bringing the game into disrepute and intimidating the umpire. Peter Willey, during the match.

Final day, India won toss
INDIA – First innings 430 (R S Dravid 148, S M Pollock 79, J Smith 5-104)

SOUTH AFRICA – First innings 228 (L Klusener 49, D Cullinan 122, R S Dravid 51, S M Pollock 79, J Smith 5-104)

SOUTH AFRICA – Second innings
Overseas: 76 for 5
A R Boucher 3, S M Pollock 2, L Klusener 49, D Cullinan 122, R S Dravid 51, S M Pollock 79, J Smith 5-104

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Pakistan win World Series Cup

Pakistan 165
West Indies 103
Pakistan win by 62 runs

The Pakistan captain, Wasim Akram, shrugged off an injury to spearhead a fast-bowling rout of West Indies in Melbourne yesterday to secure the World Series Cup.

Pakistan now take an unassailable 2-0 lead in the best-of-three final. It is their first win in the triangular limited-overs tournament – they had beaten the West Indies by four wickets in the first final in Sydney on Saturday.

Wasim said: "We told every-

one that we are the best team in the world. We have won the competition and we have got a young team that is very talented."

Not even a power failure that left the stadium in darkness for 24 minutes could distract Wasim and his team from their task. Despite a niggling hamstring strain, Wasim generated extreme pace, bounce and movement off the seam to dismiss the opener, Sherwin Campbell, and the middle-order pair of Shivnarine Chanderpaul and Carl Hooper in sweltering temperatures.

"I pulled the hamstring in my second or third over and I was just about to come off when I

got two wickets in one over. At times, it was very painful," Wasim explained.

Shahid Nazir, drafted into the side to replace the leg-spinner Mushtaq Ahmed, justified his selection by exploiting a lively pitch to finish with outstanding figures of 3 for 14 from 10 overs.

After losing seven wickets for the addition of 24 runs in Sydney, the West Indies were reduced to 42 for 7 when the vice-captain, Brian Lara, fell for 19. Ijaz Ahmed, the top scorer in Sydney, scored 45 when Pakistan replied, while Mohammad Wasim hit 41 in the closing overs off 79 balls.

WORLD SERIES FINAL (Melbourne): Pakistan 165; West Indies 103. Pakistan win by 62 runs and with best of three series 2-0.

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TODAY'S FIXTURES

Football
7.30 unless stated
FA CUP THIRD ROUND
Grimsby v Derby (7.45)
Luton v Bolton (7.45)
Watford v Oxford Utd (7.45)

THIRD-ROUND REPLAY
Wimbledon v Crewe (7.45)
FA CUP FINAL
Quarter-final
Ipswich v Leicester (7.45)

NATIONWIDE FOOTBALL LEAGUE
SECOND DIVISION
Luton v Bolton (7.45)
Bury v Shrewsbury (7.45)

THIRD DIVISION
Cambridge Utd v Exeter (7.45)
Leyton Orient v Wigan (7.45)
York v Preston (7.45)

AUTO WINDSCREENS SHIELD
NORTHERN SECTION SECOND ROUND
Carlisle v Hull (7.45)
York v Preston (7.45)

SOUTHERN SECTION SECOND ROUND
Petersborough v Walsall (7.45)
Swansea v Bristol City (7.45)

BELL'S SCOTISH LEAGUE
PREMIER DIVISION
Motherwell v Kilmarnock (7.45)
First Division
Greenock Morton v St Mirren (7.45)

SECOND DIVISION
Ayr v Stirling Albion (7.45)
Clyde v Brechin (7.45)
Dumfries v Stenhousemuir (7.45)

THIRD DIVISION
Alban v East Stirling (7.45)
Cowdenbeath v Arbroath (7.45)
Fife v Dundee (7.45)

FA UMBRO TROPHY First-round replays: Alton v Grimsby (7.45); Doncaster v Shrewsbury (7.45); Grimsby v Bolton (7.45); Halesowen v Southampton (7.45); Haves v Yeovil (7.45)

FA CARLSBERG VASE Fourth-round replays: North Farnley v Stamford (7.45); Whitby v Lincoln (7.45)

ISLES LEAGUE Third Division: Flackwell Heath v Northwood; Stevenage v Hemel Hempstead; Hemel Hempstead v Flackwell Heath (7.45)

UNION LEAGUE Premier Division: Barnet v Luton; Luton v Barnet (7.45); Haringey v Tottenham (7.45); Tottenham v Haringey (7.45)

NON LEAGUE PREMIER DIVISION: Grimsby v Derby (7.45); Haringey v Tottenham (7.45); Tottenham v Haringey (7.45)

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NON LEAGUE PREMIER DIVISION: Grimsby v Derby (7.45); Haringey v Tottenham (7.45); Tottenham v Haringey (7.45)

WINSTON LEASE LEAGUE First Division: Hereford v Worcester (7.45); Worcester v Hereford (7.45); Worcester v Hereford (7.45)

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Devils regain fire

Ice hockey

Cardiff Devils undid some of the damage of Saturday's setback at Sheffield Steelers, their main rivals for the inaugural Superleague crown, with the 11-

Rowell sends Hill into the England fray

Rugby Union
CHRIS HEWITT

The long shadow of domestic rugby politics hung heavily over the Five Nations' Championship once again yesterday. Rank and file supporters are beginning to suspect that it might be easier to sort out the future of Hebrion than solve the tedious conflict between Twickenham and its insubordinate senior clubs.

For Richard Hill of Saracens, however, it was a red letter day all the same. The 23-year-old open-side flanker from Surrey will win his first cap for England against the Scots in the Calcutta Cup match on Saturday week. He first announced his rump potential as a pupil at Bishop Wordsworth's School in Salisbury and if his emergence suits to an end the frustrating search for a long-term successor to the great Peter Winterbottom, we can expect to see Jack Rowell, the national coach, sinking to his knees in the middle of Cathedral Close and reciting a prayer of thanksgiving.

England have been hunting high and low for a fast, muscular and physically imposing breakaway since "Winters" packed it in almost four years ago and, at 6ft 2in and very nearly 16st, Hill has the right dimensions. Whether he has the mental hardness to survive at Test level, only time will tell. At least he has the opportunity to

find out. In theory, that is. Reports that the big white chiefs from Epruc, the umbrella organisation representing clubs in the top two divisions of the Courage League, were renewing their threat to withhold players from international duty in the absence of a final agreement on decision-making procedures in the new professional game removed some of the shine from Rowell's announcement of a new-look side.

However, Charles Levison, the senior Wasps committee man who has negotiated on behalf of Epruc in recent months, said yesterday that the Domesday scenario was extremely remote. "Nothing is being threatened," he insisted. "We were concerned that the documentation we received at the beginning of the month did not

reflect what had been agreed between the two sides in December, but we had a constructive meeting with the Rugby Football Union last Thursday and we expect to iron everything out this week."

Rugby's version of the bush telegraph had suggested that the only way Will Carling would face the Scots would be if every other half-decent centre in the country was ordered by his club to stay at home. As usual, the reports of Carling's demise were seriously premature; for the fourth time this season, Rowell has preferred his former captain to his former protégé, Jeremy Guscott—a decision that will be greeted with bemusement well beyond the narrow confines of Bath, where Guscott was canonised years ago.

Carling will play at outside centre—a position in which his suspect passing will be less exposed—with Paul de Glanville returning, as captain, alongside him. Rowell admitted that de Glanville's position had been as much under revision as everyone else's in the aftermath of last month's shambles against Argentina, but said he was reassured by reports from the Recreation Ground, where Bath put 50 points on Northampton on Sunday.

Two other Bath backs were not so fortunate; as expected, Mike Catt's inability to do the simple things anywhere near as well as he does the difficult ones means a recall for the goalkeeping Paul Grayson—Mike will develop, possibly as a centre, Rowell said—while Adebayo Adebayo, fit again after concussion, has failed to shift Tony Underwood from the left wing berth.

Other changes see Tim Stimpson return at full-back—one of the easiest decisions confronting the selectors—and two positional switches in the back row. Lawrence Dallaglio shifts to his club position of blind-side to make room for Hill, with Tim Rodber elbowing aside Chris Sheasby at No 8.

However, perhaps the most significant selection was buried among the replacements, where Austin Healey was named as reserve scrum-half. More talkative than Clive Anderson and marginally quicker than Linford Christie, the outstanding Leicester prospect finds himself promoted above Kyran Bracken, who, in turn, had been expected to replace Andy Gomersall in the starting line-up.

Bracken is now out in the cold—or, at least, in the chilly surroundings of the England A team, who face the Scottish second-string at Harlequins a week on Friday. It is a sure sign of changing times; Healey, still a wing a couple of seasons back, may well be in the full England side by the end of the championship.

England team

v Scotland
(at Twickenham, 1 February)

T Stimpson.....Newcastle
J Stimpson.....Bath
W Carling.....Bath, capt
P de Glanville.....Newcastle
T Underwood.....Newcastle
P Grayson.....Northampton
A Gomersall.....Wesps
G Rowntree.....Leicester
M Regan.....Bristol
J Leonard.....Harlequins
M Johnson.....Leicester
L Shaw.....Bristol
L Dallaglio.....Wesps
T Rodber.....Northampton
R Hill.....Saracens
Replacements: J Guscott (Bath), M Catt (Leicester), P Sheasby (Gloucester), B Clarke (Richmond).

Bath's No 1 target is Woodward

CHRIS HEWITT

Bath, the Courage league champions, are not letting the grass grow under their feet as they seek to replace Brian Ashton, the respected coach who quit the Recreation Ground earlier this month.

Clive Woodward, who resigned his post at London Irish shortly before Christmas, is their top target. Woodward, capped 21 times by England in the early 1980s and a Lion in both 1980 and 1983, watched the West Countrymen put 50 points past Northampton on Sunday and had talks with senior club officials. Bath sources were hopeful of his agreeing terms this week.

If Woodward, who has thriving business interests, decided to commit himself to what would certainly be a high-pressure role, he would strengthen his ties with Andy Robinson, the Bath flanker who took over as chief coach following Ashton's

departure. The two men worked together with the England Under-21 side last season and are still heavily involved in the national set-up.

Jonah Lomu is returning to England next month in an Auckland Blues squad chosen for a small tour of Europe as part of their preparations for the defence of their Super-12 title. The All Blacks captain, Sean Fitzpatrick, the stand-off sensation Carlos Spencer, Fijian flier Joeli Vidiri and Test No 8 Zinzan Brooke are also on the tour, which starts against Bristol at the Memorial Ground on 13 February (kick-off 7.30pm).

The Blues will also play Harlequins (18 February) and Toulouse (23). The touring side will comprise 13 All Blacks, three former Test players and Fijian and Western Samoan internationals.

AUCKLAND BLUES SQUAD: A Cashmore, J Vidiri, Lomu, B Lema, E Clarke, L Stenersen, C Spencer, G Lurupape, J Marsh, M Scott, Tumu, O Brown, P Thompson, C Dowd, S Fitzpatrick, M Jones, A Brown, M Carter, D Meka, S Brodie, R Brooke, R Fromont, C Pachemenev, L Lafabali, A Rose.

When the heat is on...



...try sitting in the cool blast of an electric fan, under the shade of an umbrella...



or covering your head with a towel and then consume a large draught of iced water...



alternatively, splashing cold water over your head may help. If all fails, slump in a shaded spot and attempt to ignore your 'on fire' feet. Pete Sampras tried the lot in Melbourne yesterday as temperatures rose past 50C. Photographs: Allsport/Reuter/AP

Sampras fears for his health

Tennis

DERRICK WHYTE
reports from Melbourne

Surviving in this Australian Open is no longer just about staying in the competition, it is about staying alive. The searing heat of 50C (122F) has placed a fearsome burden on the players still standing at the quarter-final stage and both competitors and health officials have questioned the wisdom of continuing in such conditions.

Pete Sampras said he was "on fire" during his five-set slog to victory over the Slovak Dominik Hrbaty, but on this occasion it was not his talent that was making sparks fly. "The No 1 seed fears that officials will take action only once someone has become seriously ill. I think there's going to have to come a point where someone really gets hurt out there to make some sort of rule change," Sampras said after almost losing to the 19-year-old Hrbaty, ranked 76th in the world, in a match lasting nearly three hours.

The unwanted distinction of becoming the player to force that rule change nearly fell to an 18-year-old Briton, James Trotman, whose heart started to "go berserk" during his win in the first round of the boys' event. "I felt terrible after the first set," Trotman said. "The trainer tested my heart beat and it was going berserk."

Like desert explorers the players found that the greatest risks came if they gave up and sank to the ground. Goran Ivanisevic fell to his knees after winning beating Norway's Christian Ruud in another three-hour battle and then realised it was not a good idea. "That was a mistake. I was almost burned, but I was so tired I had to fall down," he said.

"You cannot try the whole game, otherwise you die: after 10 minutes you're dead. I didn't feel too much in my legs. I was out of it. I didn't know where I was."

On Sunday, the Belgian 16th seed, Sabine Appelmans, had to be placed on an intravenous drip, while a defeated Steffi Graf was treated for heat exhaustion.

Gerald Segal, of the Australian Medical Association,

said: "It could be just a matter of time before someone dies out there."

Under the rules of women's tennis, play can be delayed in extreme conditions. But an appeal by players to postpone their matches yesterday was overruled by the committee which runs the Grand Slam tournaments, saying it was unfair on those who had played the previous day.

The match between the Romanian eighth seed, Irina Spirlea, and the ninth seed, Karina Habudova of Slovakia, was delayed by 30 minutes while officials reviewed their request.

"We were just asking if it's possible to play tomorrow," Spirlea said after winning 6-4, 6-4.

In men's tennis there are no rules governing extreme heat. Cooling fans were placed beside the courts yesterday and players draped ice-packed towels over their shoulders at the change of ends in an attempt to cool down.

"It was so hot today, it was a joke," Sampras said after eventually winning 6-7, 6-3, 6-4, 3-6, 6-4. "My feet were on fire and we were both feeling it."

On his victory, Sampras said: "There's an old saying, it's better to be lucky than good, and I definitely had a lot more luck than good today."

The fifth seed, Thomas Muster, overcame a series of injuries and a brief floodlight failure to beat the 11th seed, Jim Courier, in a match which lasted two hours 42 minutes and which ended in the early hours of Tuesday. Muster received treatment for shoulder and hip soreness and blisters on the feet during his 6-2, 3-6, 7-6, 6-3 victory.

Age provided some protection against the heat and certainly did not stop 16-year-old Martina Hingis in her drive to become the youngest-ever Grand Slam champion. She survived a first-set scare to beat Romania's Ruxandra Dragomir 7-6, 6-1.

"I just wanted to win this game and I was just so nervous. I don't know why," Hingis said. "I just felt so different because it is a big Grand Slam tournament and there is a little chance—well, there is a big chance—to win."

Results, Digest, page 21

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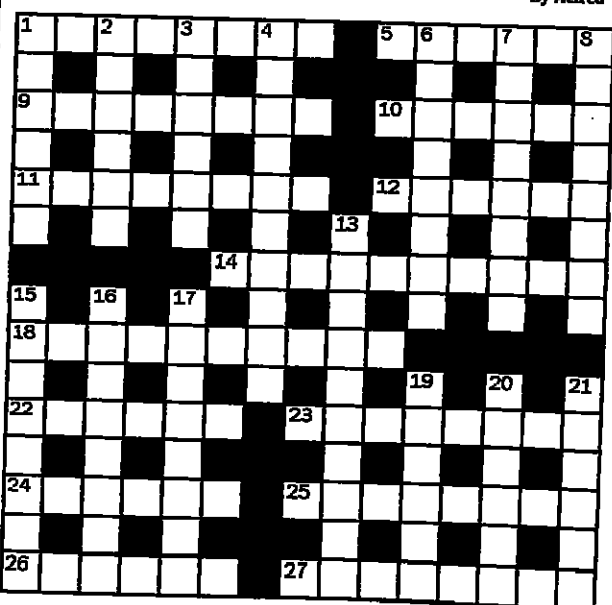
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THE INDEPENDENT CROSSWORD

No. 3201, Tuesday 21 January

By Aedra

Monday's Solution



Across
1 Game for privatisation? (8)
5 Black pupils in rich group (3,3)
9 Give account of how to remove graffiti? (8)
10 Cry of encouragement about motorist's friend that's listened to (6)
11 Our silly changes will be without reality (8)
12 Broadcast European conclusion (6)
14 Sort out reportedly missing handful of digits (10)
18 Exposing us when subject to a Wagner work (10)
22 Note metal tag attached to young bird (6)
23 Prime Minister embracing one in Hampshire is figment of imagination (8)

Down
1 Awful dump that is a source of childish amusement (3,3)
2 Make oneself comfortable in unusual lets in north-east (6)
3 Harp is played in area served by church (6)
4 Socialist or a right-winger? The answer's found empirically here (10)

Dalglish brings Raul to Britain

Football

ALAN NIXON

Kenny Dalglish was overseeing comings and goings at Newcastle United yesterday, acquiring the Portuguese defender Raul and considering Sunderland's £2.5m offer for Lee Clark.

Dalglish has gone abroad to make his first signing, the Under-21 international Raul, who is out of contract at Farense, on a free transfer. "There have been problems at Farense where I have not been paid," the £2m-rated Raul said. "My contract has now been cancelled and I'm free to go."

The new Newcastle manager, however, has a difficult task deciding Lee's fate after Sunderland met the asking price for the transfer-listed midfielder, who has scored in United's last four games. The home-grown Clark is still on the transfer list because

he wants regular first-team football, but Newcastle have no obvious replacements. Sunderland have also been active in Poland, with manager, Peter Reid, trying to sign the Polish Cup player, Marek Citko from under Blackburn Rovers' nose.

Reid has stepped in for the widowed Lodz striker who met the Rovers caretaker manager, Tony Parkes, last week. But Blackburn are stalling on the deal and now want to take Citko on loan first.

The striker, who scored against England in the World Cup, has rejected that idea and now Sunderland are prepared to pay the £4m asking price. Gianluca Vialli has put Chelsea minds at rest by pledging his future to the club. "I am not at all thinking of going away," the former Juventus captain said. "What has happened has been blown out of all proportion because of a couple of phrases a week ago. I believe it is best to re-

main... seated. As the Chinese proverb says 'Seated on the banks of the river, waiting for things to change'."

The smile returned to Vialli's face on Saturday—even though he was on the substitutes' bench—when Dennis Wise scored against Derby County then unveiled a T-shirt which read "Cheer up, Luca, we love you."

The Norwich winger Darren Eadie has signed an extension to his contract which will keep him at Carrow Road until 1999. Norwich have also signed the Everton defender Neil Moore on a short-term contract. The 24-year-old Liverpoolian had been on loan at the First Division club.

The Hartlepool manager, Mick Tait, who quit over the weekend, was back in charge yesterday after being persuaded to change his mind. Tait resigned just three weeks after being officially made manager in a dispute over plans to scrap the club's youth policy.